

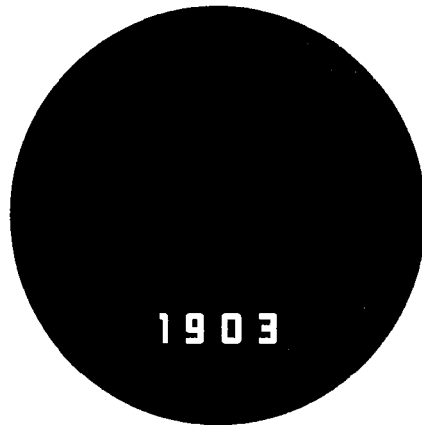
**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

of

MURRAY CITY CORPORATION, UTAH

for the

YEAR ENDED JUNE 30, 2006



MURRAY

DEPARTMENT OF FINANCE & ADMINISTRATION

DON WHETZEL

DIRECTOR OF FINANCE & ADMINISTRATION

MURRAY CITY CORPORATION, UTAH
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2006

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MURRAY CITY CORPORATION
FINANCE & ADMINISTRATION

Daniel C. Snarr, Mayor

Don Whetzel, Director

801-264-2606 FAX 801-264-2517

November 17, 2006

**Citizens of Murray City
The Honorable Mayor and
Members of the Municipal Council
Murray City Corporation
Murray, Utah 84107**

The Comprehensive Annual Financial Report (CAFR) of Murray City Corporation (Murray City) for the fiscal year ending June 30, 2006, is submitted herewith. Utah state law requires that 'the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principals (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accountants. This report, which fulfills these requirements, was prepared by the Murray City Finance Division.

This report consists of management's representations concerning the finances of Murray City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Murray City government has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Murray City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Murray City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Murray City's financial statements have been audited by Hansen, Bradshaw, Malmrose and Erickson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Murray City's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD & A). This letter of transmittal is designed to complement MD & A and should be read in conjunction with it. The Murray City's MD & A can be found immediately following the report of the independent auditors.

Profile of the Government

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately 8 miles south of Salt Lake City. Murray City currently occupies a land area of about 11 square miles and serves a population of about 45,000. Murray City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1% local option sales tax on all retail sales.

Murray City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving appointments to committees and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services. These services include police and fire protection; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Telecommunications Fund, and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and, accordingly, is excluded from this report.

The annual budget serves as the foundation for Murray City's financial planning and control. All funds of the City are required to submit requests for appropriations to the Mayor on or before the third Monday in February each year. The Mayor uses these requests as the starting point for developing a tentative budget. The Mayor then presents this tentative budget to the City Council for review by the second Tuesday of April. The City Council is required to hold a public hearing on the tentative budget and to adopt a final budget no later than June 20th. The appropriations budget is prepared by fund, function (e.g. public safety), and department (e.g. police). With the consent of the budget officer, department heads may make transfer of appropriations within a department. Transfer of appropriations between departments requires the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

Local Economy. Murray City currently enjoys a good economic environment and local indicators point to a slightly improving environment in the coming year. Murray City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. The City expects fair economic growth over the next three to four years with the construction of additional retail and office space and the construction of a \$360,000,000 regional medical center by Intermountain Health Care.

Long-term financial planning. Murray City has several capital construction projects in its five year plan; including \$9,550,000 to acquire, upgrade and construct various distribution, transmission and substation facilities of the Murray City electrical system. The City issue \$9,300,000 in Electric Revenue Bonds in 2004 to finance most of the costs of this project. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan.

Cash Management policies and practices. Murray City has entered into agreements with two major Utah banks where the balances in checking accounts are transferred to an Automatic Repurchase Agreement at the end of each banking day. These agreements allow the City to earn interest on all idle cash. All other cash temporarily idle during the year was invested in the United States Treasury and Federal Agency Money Market accounts and the Utah Treasurer's Investment Fund. All investments are considered short term and can be redeemed in three business days. The average yield on investments was 4.18 percent for FY 06. Because all the City's investments are very short term there is minimal difference between the fair market value of its investment and its carrying value.

Risk Management. Murray City has employed a full time Health and Safety Manager for a number of years and uses various risk control techniques to minimize accident-related losses. Murray City is fully insured for workmen's compensation, health, commercial property and automobile liability coverage. Murray City maintains a \$250,000 deductible on its general liability policy and is fully self-insured for vehicle physical damage and unemployment compensation coverage.

Pension and other post-employment benefits. Murray City is a mandatory participant in the state-wide Utah Retirement System (URS), a defined benefit pension plan. Each year the URS engages an independent actuary to determine the contributory rate which must be made to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Murray City is legally required to make this actual determined contribution to pension plans in which the City participates. As a result of URS conservative funding policy, the Contributory System is 91.1% funded, the Non-contributory Retirement System is 92.3% funded, the Public Safety Retirement System is 88.3% funded and the Firefighters Retirement System is 105.5% funded. We expect all Retirement Systems which are currently not fully funded to achieve full funding within the next ten years.

Murray City does not provide any material post-retirement health and dental care benefits for its retirees and their dependents.

Awards and Acknowledgments

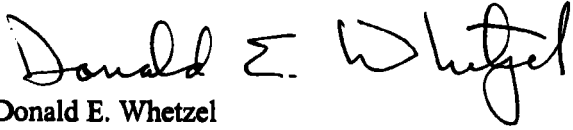
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the twenty-fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated

services of the entire staff of the Finance Division. I would like to express my appreciation to all members of my staff who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donald E. Whetzel". The signature is written in dark ink and is positioned above the printed name and title.

Donald E. Whetzel
Director of Finance and Administration
Chief Financial Officer

MURRAY CITY CORPORATION

PRINCIPAL OFFICIALS

ELECTED OFFICIALS

Daniel C. Snarr
Mayor

Krista Dunn
Council Chairman

James A. Brass
Council Member

Pat Griffith
Council Member

Jeffery L. Dredge
Council Member

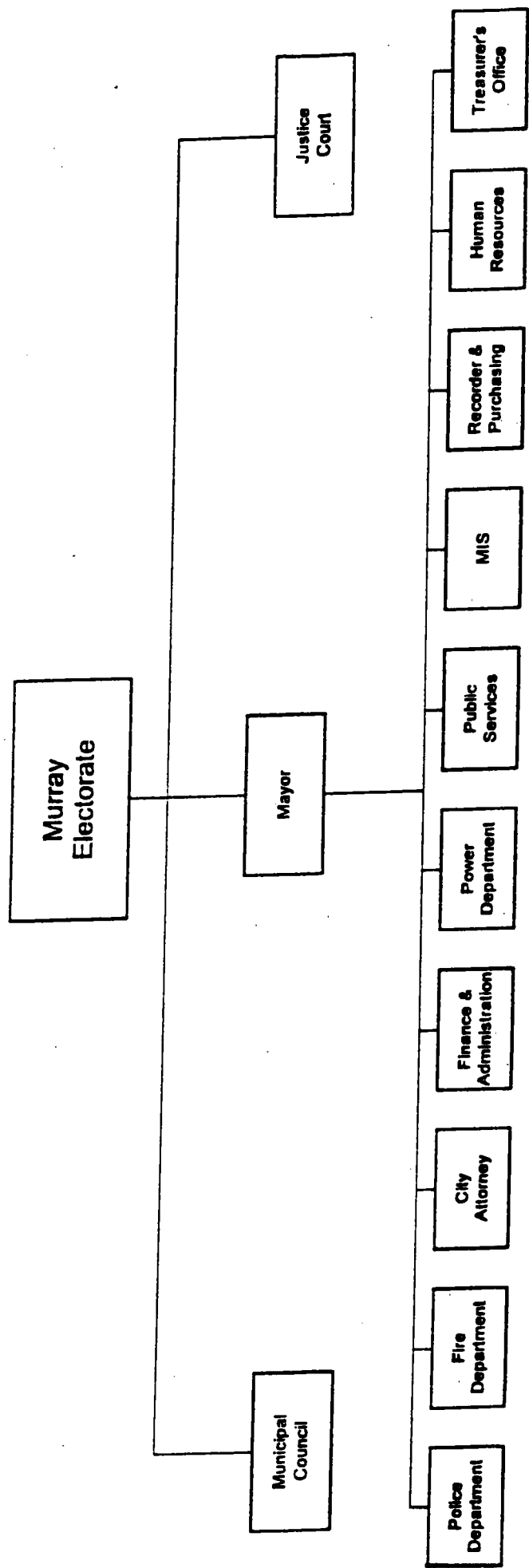
Robbie Robertson
Council Member

DEPARTMENT AND DIVISION HEADS

Daniel Barr
Douglas P. Hill
Gilbert Rodriguez
Phil Markham
P. Gary Ferrero
Ronald L. Koller
G. Keith Snarr
Peter A. Fondaco
David Larsen
Gary O. Merrill
Carol D. Heales
Don Whetzel
Dale L. Whittle

Library Director
Public Services Director
Fire Chief
Public Works Operations Manager
Justice Court Judge
City Treasurer
Economic Development Director
Police Chief
MIS Director
Power General Manager
City Recorder / Purchasing Agent
Director of Finance and Administration/CFO
Human Resources Director

Murray City Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Murray City Corporation,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Carla E. Perry

President

Jeffrey R. Enner

Executive Director

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FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11-18 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 8, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City Corporation, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$134,328,355 (net assets). Of this amount, \$37,553,324 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets increased by \$26,849,971. Approximately 90% of this increase is due to inclusion of infrastructure as assets within the governmental funds..
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$12,585,273, an increase of \$1,012,153 in comparison with the prior year. Approximately 74 percent of this total amount, \$9,352,508, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,781,070 or 25 percent of total general fund expenditures.
- Murray City's total bonded debt decreased by \$2,670,000 (5 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Murray City's finances, in a manner similar to private-sector business.

The *statement of net assets* presents information on all of Murray City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Murray City include general government, public safety, highways and public improvements, parks and recreation, library and community and economic development. The business-type activities of Murray City include a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund and Telecommunications Fund.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Murray City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Murray City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other seven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Murray City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Murray City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Murray City uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Murray Parkway Recreation Fund, Solid Waste Management Fund and Telecommunications Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self insurance programs. Because both of these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, and for the Power Fund, all of which are considered to be major funds of Murray City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$134,328,355 at the close of the most recent fiscal year.

By far the largest portion of Murray City's net assets (70 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Murray City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MURRAY CITY'S Net Assets						
(In thousands)						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 28,453	\$ 25,021	\$ 26,920	\$ 28,616	\$ 55,373	\$ 53,637
Capital assets	67,084	45,618	72,422	70,192	139,506	115,810
Total assets	95,537	70,639	99,342	98,808	194,879	169,447
Long-term liabilities outstanding	14,803	16,053	32,511	33,988	47,314	50,041
Other liabilities	5,917	5,068	7,319	6,860	13,237	11,928
Total liabilities	20,720	21,121	39,830	40,848	60,551	61,969
Net assets:						
Invested in capital assets, net of related debt	52,275	29,542	42,286	39,194	94,561	68,736
Restricted	1,900	1,899	314	314	2,214	2,213
Unrestricted	20,642	18,077	16,911	18,453	37,553	36,530
Total net assets	\$ 74,817	\$ 49,518	\$ 59,511	\$ 57,961	\$ 134,328	\$ 107,479

An additional portion of Murray City's net assets (1.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$37,553,324) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of \$26,849,971 in net assets of Murray City during the current fiscal year. The primary reason for increase in net assets was the inclusion of infrastructure assets within the governmental funds.

Governmental activities. Governmental activities increased Murray City's net assets by \$25,298,947 thereby accounting for 94% of the total growth in the net assets of Murray City. Key elements of this increase are as follows:

MURRAY CITY'S Changes in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 5,949	\$ 7,711	\$ 40,827	\$ 40,364	\$ 46,776	\$ 48,075
Operating grants and contributions	457	370			457	370
Capital grants and contributions	1,491	1,366			1,491	1,366
General revenues:						
Property taxes	8,517	6,801			8,517	6,801
Franchise taxes	3,172	2,933			3,172	2,933
General sales taxes and energy sales taxes	15,115	13,677			15,115	13,677
Interest income	727	464	785	369	1,512	833
Gain on disposal of assets	115	127	2,558	51	2,673	178
Miscellaneous	202	203			202	203
Total revenues	35,745	33,652	44,170	40,784	79,915	74,436
Expenses:						
General government	4,557	4,054			4,557	4,054
Public safety	14,387	13,877			14,387	13,877
Highways & public improvements	7,430	3,724			7,430	3,724
Parks & recreation	6,557	6,083			6,557	6,083
Library	1,468	1,380			1,468	1,380
Community & economic dev.	607	684			607	684
Interest on long term debt	709	774			709	774
Power			32,394	30,428	32,394	30,428
Water			3,663	4,047	3,663	4,047
Waste water			3,404	3,033	3,404	3,033
Non-major proprietary funds			2,139	2,152	2,139	2,152
Total expenses	35,715	30,577	41,600	39,660	77,315	70,237
Increase in net assets before transfers	30	3075	2,570	1,124	2,600	4,199
Transfers	1,019	209	-1,019	-209	0	0
Increase in net assets	1,049	3,284	1,551	915	2,600	4,199
Net assets at Beg. of year, as restated	73,768	46,234	57,961	57,046	131,728	103,280
Net assets at end of year	\$ 74,817	\$ 49,518	\$ 59,512	\$ 57,961	\$ 134,328	\$ 107,479

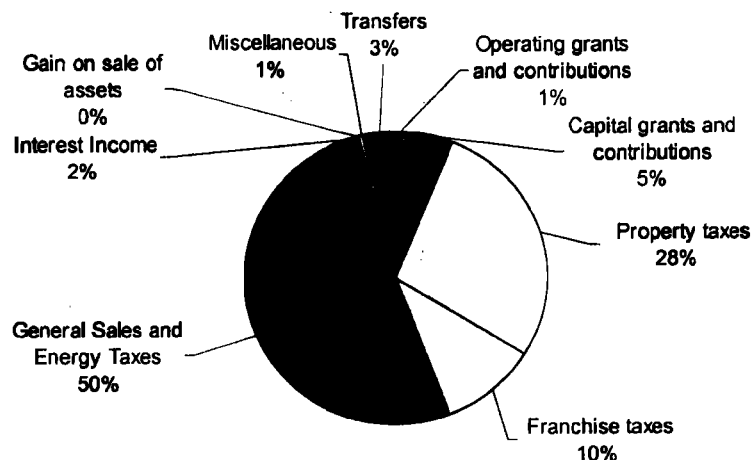
- Property taxes increased by \$2,338,401 (38 percent) during the fiscal year as it was necessary to raise the property taxes for the General Fund to offset an expected reduction in sales taxes caused by a change in the sales tax distribution calculation enacted by the Utah State Legislature.
- General sales tax and energy sales taxes increased by \$1,438,650 (10 percent) due to a stronger local economy and a increase in the price of natural gas.
- Highways and public improvements increased by \$3,706,254 (99 percent) due to the inclusion of depreciation as an expense for the City's infrastructure assets.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Expense and Program Revenue - Governmental Activities

Expense and Program Revenue - Governmental Activities
(In thousands)

	Expense	Program Revenue	Net Governmental Activities
General	\$ 4,557	\$ 3,278	\$ -1,279
Public safety	14,387	695	-13,692
Highways and public improvement	7,430	1,419	-6,011
Parks, recreation and public property	6,557	1,582	-4,975
Library	1,468	49	-1,419
Community and Economic Development	607	874	267
Interest on long-term debt	709	0	-709
Total	\$ 35,715	\$ 7,897	-\$ 27,818

Revenue by Source - Governmental Activities



Business-type activities. Business-type activities increased Murray City's net assets by \$1,551,024. Key elements of this increase are as follows:

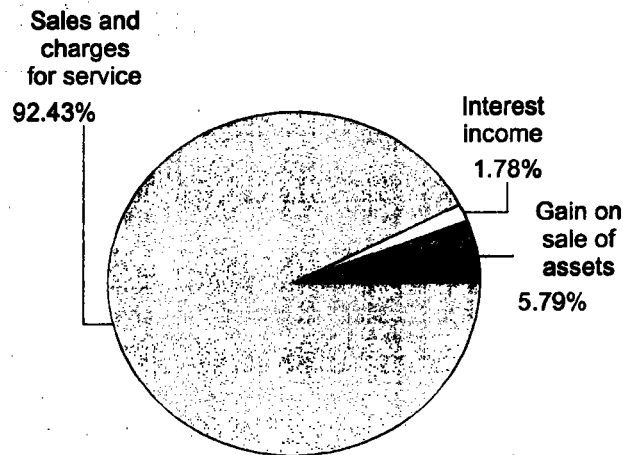
- Most of the business-type activities saw a moderate increase in operating expenses while charges for services for business-type activities increased slightly.

Expenses and Program Revenues - Business-type activities

Expenses and Program Revenue - Business-type Activities (In thousands)

	Expense	Program Revenue	Net Business-type Activities
Power	\$ 32,394	\$ 29,904	\$ -2,490
Water	3,663	5,106	1,443
Wastewater	3,403	3,257	-146
Non-major funds	2,140	2,560	420
Total	\$ 41,600	\$ 40,827	\$ -773

Revenue by Source - Business-type activities



Financial Analysis of the Government's Funds

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Murray City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Murray City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$12,585,273, an increase of \$1,012,153 in comparison with the prior year. Approximately 74 percent of this total amount or \$9,352,508 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay for debt service, to generate income to pay for the perpetual care of the municipal cemetery and for a variety of other restricted purposes.

The general fund is the chief operating fund of Murray City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,781,070, while total fund balance was \$9,061,070. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24.7 percent of total general fund expenditures, while total fund balance represents 28.8 percent of that same amount. The fund balance of Murray City's general fund increased by \$1,082,649 during the current fiscal year.

Proprietary funds. Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$3,127,630, in Waste Water Fund, unrestricted net assets amounted to \$1,422,563 and for the Power Fund, unrestricted net assets amounted to \$11,944,788.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$720,000 increase in appropriations) with the Personnel receiving a \$10,000 increase, Building Inspection \$35,000, Class C Road Program \$515,000 and Road Construction \$160,000 in increases. These increased allocations were funded by an increase in sales tax revenue of \$215,000 and an appropriation of \$515,000 from the Class C Road Reserved Fund Balance.

Capital Asset and Debt Administration

Capital assets. Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2006 amounts to \$139,506,172 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total change in Murray City's investment in capital assets for the current fiscal year was 20.5 percent (a 47.0 percent increase for governmental activities and a 3.2 percent increase for business-type activities). Information on the City's capital assets is presented in Note 4 to the statements.

Major capital asset events during the current fiscal year included upgrade of the electrical transmission system from 47Kv to 138Kv for \$4,253,787, various road projects for \$2,517,415 and recording prior years infrastructure with a book value of \$24,249,708.

MURRAY CITY'S Capital Assets (In thousands) (Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 9,944	\$ 9,944	\$ 3,850	\$ 3,850	\$ 13,794	\$ 13,794
Buildings	24,051	24,051	5,885	5,507	29,936	29,558
Improvements other than buildings	15,121	15,121	109,158	104,247	124,279	119,368
Machinery and equipment	13,152	11,962	12,993	13,530	26,145	25,492
Infrastructure	71,866	2,343	0	0	71,866	2,343
Construction in progress	13	3,749	8,175	6,853	8,188	10,602
	134,147	67,169	140,061	133,987	274,208	201,157
Less accumulated depreciation	-67,063	-21,551	-67,639	-63,795	-134,702	-85,346
Net Capital Assets	\$ 67,084	\$ 45,618	\$ 72,422	\$ 70,192	\$ 139,506	\$ 115,811

Long-term debt. At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$48,960,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

MURRAY CITY'S Outstanding Debt
(In thousands)

	Governmental Activities		Business--type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue bonds	\$15,510	\$16,810	\$33,450	\$34,820	\$48,960	\$51,630

Murray City's total bonded debt decreased by \$2,670,000 (5.2 percent) during the current fiscal year.

Murray City's Electric Revenue Bonds Series 2001 and Series 2004, Water and Sewer Revenue Bonds, Excise Tax Revenue Bonds, Municipal Building Authority Lease Revenue Bonds Series 1997 and Series 2001 are rated Aaa by Moody's and are insured. The City's Sales Tax Revenue Bond Series 2002 are not rated. In May 2002, Murray City issued \$1,865,000 in Sales Tax Revenue Bonds Series 2002 to finance capital improvements to various parks within the City. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on these bonds over the next 10 years.

In November of 2004, Murray City issued \$9,300,000 in Electric Revenue Bonds Series 2004 to finance the upgrade of the electric transmission system from 46 kilovolts to 138 kilovolts. This upgrade has commenced and will be completed in the fall of 2007.

State statutes limit the amount of debt a governmental entity may issue to 8 percent of its reasonable fair cash value of property. The current debt limitation for Murray City is \$309,040,000, which is significantly in excess of Murray City's outstanding debt.

Additional information on Murray City's long-term debt can be found in note 4.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Murray City is currently 3.1 percent, which is a decrease from a rate of 4.6 percent a year ago. This compares to the state's average unemployment rate of 3.1 percent and the national average of 4.6 percent.
- The occupancy rate of the government's retail stores and business offices has remained in the high 90 percent for the past three years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing Murray City's budget for the 2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

MURRAY CITY CORPORATION, UTAH
STATEMENT OF NET ASSETS
JUNE 30, 2006

	Governmental Activities	Business-type Activities	TOTAL
ASSETS			
Cash and cash equivalents	\$ 13,143,527	\$ 8,739,007	\$ 21,882,534
Receivables (net of allowance for uncollectibles)	6,999,222	4,237,974	11,237,196
Inventories	43,686	1,542,045	1,585,731
Internal balances	115,952	(115,952)	-
Due from other governments	2,862,744	111,150	2,973,894
Notes receivable	2,230,331	-	2,230,331
Restricted cash	32,991	6,015,847	6,048,838
Restricted investments	1,379,774	-	1,379,774
Land held for resale	20,000	-	20,000
Land	9,944,263	3,849,761	13,794,024
Buildings	24,050,713	5,885,076	29,935,789
Improvements other than building	15,121,305	109,157,986	124,279,291
Machinery and equipment	10,895,500	8,862,065	19,757,565
Furniture and fixtures	2,256,840	4,130,824	6,387,664
Infrastructure	71,865,644	-	71,865,644
Construction in progress	13,031	8,175,253	8,188,284
Accumulated depreciation	(67,063,240)	(67,638,849)	(134,702,089)
Investments in joint ventures	1,422,182	3,652,056	5,074,238
Unamortized bond issue costs	202,755	387,193	589,948
Prepaid generation and transmission fees	-	2,350,513	2,350,513
Total assets	95,537,220	99,341,949	194,879,169
LIABILITIES			
Accounts payable	2,003,652	4,186,145	6,189,797
Accrued interest payable	96,518	187,517	284,035
Accrued liabilities	1,423,369	464,885	1,888,254
Deposits	12,699	648,398	661,097
Unearned revenue	123,957	-	123,957
Non current liabilities			
Due within one year	2,257,212	1,832,831	4,090,043
Due in more than one year	14,803,067	32,510,564	47,313,631
Total liabilities	20,720,474	39,830,340	60,550,814
NET ASSETS			
Invested in capital assets, net of debt	52,274,868	42,286,323	94,561,191
Restricted for debt service	1,379,774	314,066	1,693,840
Restricted for perpetual care - nonexpendable	520,000	-	520,000
Unrestricted	20,642,104	16,911,220	37,553,324
Total net assets	\$ 74,816,746	\$ 59,511,609	\$ 134,328,355

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION, UTAH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Revenues				Net Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities							
General government	\$ 4,557,351	\$ 3,272,173	\$ 5,675		\$ (1,279,503)		\$ (1,279,503)
Public safety	14,387,079	338,222	356,617		(13,692,240)		(13,692,240)
Highways and public improvements	7,430,318	0	3,750	\$ 1,415,023	(6,011,545)		(6,011,545)
Parks, recreation and public property	6,556,539	1,504,895	77,442	0	(4,974,202)		(4,974,202)
Library	1,468,358	35,881	13,234		(1,419,243)		(1,419,243)
Community and economic development	606,982	797,714		76,212	266,944		266,944
Interest on long-term debt	708,588				(708,588)		(708,588)
Total governmental activities	35,715,215	5,948,885	456,718	1,491,235	(27,818,377)		(27,818,377)
Business-type activities							
Power	32,394,213	29,904,184		-	\$ (2,490,029)		(2,490,029)
Water	3,662,740	5,105,574		-	1,442,834		1,442,834
Wastewater	3,403,524	3,256,781		-	(146,743)		(146,743)
Golf course	1,397,843	1,474,959			77,116		77,116
Telecommunications	-	278,100			278,100		278,100
Solid waste	741,945	807,430			65,485		65,485
Total business-type activities	41,600,265	40,827,028		-	(773,237)		(773,237)
General Revenues							
Taxes							
Property taxes					8,516,510		8,516,510
Franchise taxes					3,172,563		3,172,563
General sales taxes and energy sales taxes					15,115,383		15,115,383
Interest income					726,690	784,971	1,511,661
Gain on sale and disposal of assets					115,434	2,558,097	2,673,531
Miscellaneous					202,229		202,229
Transfers					1,018,807	(1,018,807)	
Total general revenue and transfers					28,867,616	2,324,261	31,191,877
Change in net assets					1,049,239	1,551,024	2,600,263
Net assets - beginning, as restated					73,767,507	57,960,585	131,728,092
Net assets - ending					\$ 74,816,746	\$ 59,511,609	\$ 134,328,355

The notes to the financial statements are an integral part of this statement.

Murray City Corporation
June 30, 2006

Governmental Funds
Balance Sheet

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 9,198,556	\$ 2,125,497	\$ 11,324,053
Investments	1,000,000	-	1,000,000
Receivables			
Property taxes	5,278,000	1,282,000	6,560,000
Special assessments	1,753	-	1,753
Other	437,351	-	437,351
Notes receivable	2,230,331	-	2,230,331
Due from other funds	465,803	-	465,803
Due from other governments	2,663,144	199,600	2,862,744
Land held for sale	-	20,000	20,000
Restricted cash	-	32,991	32,991
Restricted investments	-	1,379,774	1,379,774
Total assets	<u>\$ 21,274,938</u>	<u>\$ 5,039,862</u>	<u>\$ 26,314,800</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$ 1,982,751	\$ 8,392	\$ 1,991,143
Accrued liabilities	1,168,659	43,267	1,211,926
Due to other funds	17,851	182,000	199,851
Deposits	12,699	-	12,699
Deferred revenue	9,031,908	1,282,000	10,313,908
Total liabilities	<u>12,213,868</u>	<u>1,515,659</u>	<u>13,729,527</u>
Fund Balances			
Reserved for debt service	-	1,379,774	1,379,774
Reserved for class C roads	50,000	-	50,000
Reserved for land held for resale	-	20,000	20,000
Reserved for UTOPIA	1,230,000	-	1,230,000
Reserved for cemetery perpetual care	-	520,000	520,000
Reserved for working capital	-	32,991	32,991
Unreserved, reported in			
General fund	7,781,070	-	7,781,070
Special revenue funds	-	956,942	956,942
Capital projects funds	-	7,650	7,650
Permanent fund	-	606,846	606,846
Total fund balances	<u>9,061,070</u>	<u>3,524,203</u>	<u>12,585,273</u>
Total liabilities and fund balances	<u>\$ 21,274,938</u>	<u>\$ 5,039,862</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	68,506,238
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	10,392,706
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	474,829
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(17,142,300)

Net assets of governmental activities \$ 74,816,746

The notes to the financial statements are an integral part of this statement.

Murray City Corporation
Year ended June 30, 2006

Governmental Funds
Statement of Revenues, Expenditures,
and Changes in Fund Balance

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes and special assessments	\$ 22,895,306	\$ 2,351,936	\$ 25,247,242
Licenses and permits	1,448,991	-	1,448,991
Intergovernmental	1,858,507	89,446	1,947,953
Charges for services	1,915,910	69,316	1,985,226
Fines and forfeitures	2,263,787	35,881	2,299,668
Rents and concessions	-	1,314,000	1,314,000
Miscellaneous	197,411	4,818	202,229
Interest	634,973	91,717	726,690
Total revenues	31,214,885	3,957,114	35,171,999
Expenditures			
Current			
General government	5,104,793	-	5,104,793
Public safety	14,623,999	-	14,623,999
Highways and public improvements	5,733,760	-	5,733,760
Parks, recreation and public property	5,620,872	-	5,620,872
Library	-	1,539,833	1,539,833
Community and economic development	-	237,506	237,506
Redevelopment	-	369,476	369,476
Capital outlay	-	230,607	230,607
Debt service			
Principal	355,000	945,000	1,300,000
Interest and admin. charges	53,069	660,188	713,257
Total expenditures	31,491,493	3,982,610	35,474,103
Excess of revenues over (under) expenditures	(276,608)	(25,496)	(302,104)
Other financing sources (uses)			
Capital lease financing	180,016	-	180,016
Transfers in	1,575,807	-	1,575,807
Transfers out	(512,000)	(45,000)	(557,000)
Sale of capital assets	115,434	-	115,434
Total other financing sources (uses)	1,359,257	(45,000)	1,314,257
Net change in fund balances	1,082,649	(70,496)	1,012,153
Fund balances, beginning of year	7,978,421	3,594,699	11,573,120
Fund balances, end of year	\$ 9,061,070	\$ 3,524,203	\$ 12,585,273

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities (page 20) are different because:

Net change in fund balances - total governmental funds (page 22)	\$1,012,153
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<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	(2,790,334)
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<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	1,557,214
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<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	1,265,462
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<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>	(89,199)
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<p>Internal services funds are used by management to charge the costs of fleet management and risk management to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	<u>93,943</u>
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Change in net assets of governmental activities (page 20)	<u><u>\$1,049,239</u></u>
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The notes to the financial statements are an integral part of this statement.

Murray City Corporation
Year ended June 30, 2006

General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 4,650,000	\$ 4,650,000	\$ 4,607,360	(42,640)
General sales and use taxes	13,801,000	\$ 14,006,000	15,115,383	1,109,383
Franchise taxes	3,113,000	3,113,000	3,172,563	59,563
Total taxes	21,564,000	21,769,000	22,895,306	1,126,306
Licenses and permits				
Business licenses	650,000	650,000	631,576	(18,424)
Alcoholic beverage licenses	15,000	15,000	1,700	(13,300)
Other licenses	8,000	8,000	18,001	10,001
Permits	841,000	841,000	797,714	(43,286)
Total licenses and permits	1,514,000	1,514,000	1,448,991	(65,009)
Intergovernmental				
Class C road allotment	1,400,000	1,915,000	1,415,023	(499,977)
State liquor allotment	25,000	25,000	57,743	32,743
State emergency medical services program	10,000	10,000	18,757	8,757
F.E.M.A. grant	26,000	26,000	3,750	(22,250)
Local law enforcement grant	296,000	366,000	230,788	(135,212)
Victim advocate & violence against women grants	44,000	44,000	49,329	5,329
Salt Lake County grant	10,000	10,000	5,675	(4,325)
ZAP tax grant	25,000	25,000	77,442	52,442
Total intergovernmental	1,836,000	2,421,000	1,858,507	(562,493)
Charges for services				
Parks and recreation	1,068,000	1,068,000	1,098,462	30,462
Special police services and paramedic	279,000	279,000	338,222	59,222
Heritage center	138,000	138,000	139,563	1,563
Cemetery lots and services	147,000	147,000	197,554	50,554
Other services	88,000	88,000	142,109	54,109
Total charges for services	1,720,000	1,720,000	1,915,910	195,910
Miscellaneous				
Fines and forfeitures	2,426,000	2,426,000	2,263,787	(162,213)
Interest	121,000	121,000	634,973	513,973
Miscellaneous	159,000	159,000	197,411	38,411
Total miscellaneous	2,706,000	2,706,000	3,096,171	390,171
Total revenues	29,340,000	30,130,000	31,214,885	1,084,885

(Continued)

Murray City Corporation
Year ended June 30, 2006

General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual - Continued

Expenditures	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government				
Legislative	293,000	293,000	272,002	20,998
Justice Court	1,428,400	1,428,400	1,315,891	112,509
Mayor	423,800	423,800	400,992	22,808
Finance	125,400	125,400	79,950	45,450
Treasurer	900	900	353	547
Recorder and business licensing	360,900	360,900	352,721	8,179
Legal	387,100	387,100	384,975	2,125
Planning and zoning	555,800	555,800	534,983	20,817
Nondepartmental	625,000	625,000	587,117	37,883
Government building	272,800	272,800	268,739	4,061
Personnel	263,900	273,900	250,542	23,358
Data processing	526,100	526,100	520,576	5,524
Telecommunications	87,400	87,400	57,040	30,360
Community development	94,900	94,900	78,912	15,988
Total general government	5,445,400	5,455,400	5,104,793	350,607
Public safety				
Police department	8,670,600	8,670,600	8,608,176	62,424
Fire department	5,393,500	5,492,800	5,370,742	122,058
Building inspection	617,300	652,300	645,081	7,219
Total public safety	14,681,400	14,815,700	14,623,999	191,701
Highways and public improvements				
Engineering	812,900	812,900	797,497	15,403
Streets and highways	1,793,800	1,793,800	1,759,382	34,418
Class C road	1,631,000	2,306,000	2,326,700	(20,700)
Road construction	562,300	562,300	539,176	23,124
Shops and garages	311,500	311,500	311,005	495
Total highways and public improvements	5,111,500	5,786,500	5,733,760	52,740
Parks	3,314,300	3,314,300	3,301,607	12,693
Organized recreation	1,976,700	1,976,700	1,987,865	(11,165)
Cemetery	331,700	331,700	331,400	300
Total parks, recreation, and public property	5,622,700	5,622,700	5,620,872	1,828
Debt service				
Principal	425,000	425,000	355,000	70,000
Interest	54,000	54,000	53,069	931
Total debt service	479,000	479,000	408,069	70,931
Total expenditures	31,340,000	32,159,300	31,491,493	667,807
Other financing sources (uses)				
Capital lease financing	200,000	200,000	180,016	(19,984)
Sale of capital assets	323,000	323,000	115,434	(207,566)
Transfers in	1,487,000	1,487,000	1,575,807	88,807
Transfers out	(610,000)	(610,000)	(512,000)	98,000
Net other financing sources (uses)	1,400,000	1,400,000	1,359,257	(40,743)
Net change in fund balance	(600,000)	(629,300)	1,082,649	1,711,949
Fund balance at beginning of year	7,978,421	7,978,421	7,978,421	-
Fund balance at end of year	\$ 7,378,421	\$ 7,349,121	\$ 9,061,070	\$ 1,711,949

The notes to the financial statements are an integral part of this statement.

Business Type Activities - Enterprise Funds

	Water Fund	Waste Water Fund	Power Fund	Non- Major Enterprise Funds	Totals 2006	Governmental Activities - Internal Service Funds
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,709,029	\$ 1,527,379	\$ 3,863,098	\$ 639,501	\$ 8,739,007	\$ 819,474
Receivables						
Accounts	655,891	260,686	3,228,488	40,715	4,185,780	118
Others	6,444	-	45,750	-	52,194	-
Due from other funds	-	960	17,851	-	18,811	-
Due from other governments	-	111,150	-	-	111,150	-
Inventories	-	-	1,473,911	68,134	1,542,045	43,686
Total current assets	3,371,364	1,900,175	8,629,098	748,350	14,648,987	863,278
Noncurrent assets						
Restricted cash	-	-	6,015,847	-	6,015,847	-
Property, plant and equipment						
Land	1,714,666	178,487	1,630,272	326,336	3,849,761	-
Buildings	904,024	949,132	3,234,386	797,534	5,885,076	-
Improvements other than buildings	19,925,064	7,833,261	77,614,366	3,785,295	109,157,986	-
Machinery and equipment	2,095,040	1,324,131	4,752,672	690,222	8,862,065	138,176
Furniture and fixtures	244,515	102,762	3,783,547	-	4,130,824	-
Construction in progress	-	-	8,175,253	-	8,175,253	-
Accumulated depreciation	(9,793,700)	(4,136,252)	(49,744,421)	(3,964,476)	(67,638,849)	(71,826)
Net property, plant and equipment	15,089,609	6,251,521	49,446,075	1,634,911	72,422,116	66,350
Other assets						
Unamortized bond issue costs	20,366	12,173	354,654	-	387,193	-
Prepaid generation and transmission fees	-	-	2,350,513	-	2,350,513	-
Investment in joint ventures	-	3,652,056	-	-	3,652,056	-
Total other assets	20,366	3,664,229	2,705,167	-	6,389,762	-
Total noncurrent assets	15,109,975	9,915,750	58,167,089	1,634,911	84,827,725	66,350
Total assets	\$ 18,481,339	\$ 11,815,925	\$ 66,796,187	\$ 2,383,261	\$ 99,476,712	\$ 929,628
LIABILITIES						
Current liabilities						
Accounts payable	\$ 45,795	\$ 91,404	\$ 4,031,667	\$ 17,279	\$ 4,186,145	\$ 12,509
Accrued liabilities	48,794	23,032	342,520	50,539	464,885	211,443
Due to other funds	53,374	9,471	38,918	33,000	134,763	150,000
Long-term debt - current portion, net	197,153	117,847	1,133,769	64,062	1,512,831	-
Accrued interest	52,821	31,573	103,123	-	187,517	-
Total current liabilities	397,937	273,327	5,649,997	164,880	6,486,141	373,952
Noncurrent liabilities						
Deposits	-	-	648,398	-	648,398	-
Compensated absences	63,316	20,239	240,698	31,612	355,865	14,497
Long-term debt	-	-	-	135,619	135,619	-
Revenue bonds payable, due after one year, net	4,737,923	2,832,077	24,769,080	-	32,339,080	-
Total noncurrent liabilities	4,801,239	2,852,316	25,658,176	167,231	33,478,962	14,497
Total liabilities	5,199,176	3,125,643	31,308,173	332,111	39,965,103	388,449
NET ASSETS						
Invested in capital assets, net of debt	10,154,533	6,953,653	23,543,226	1,634,911	42,286,323	66,350
Restricted for debt service	-	314,066	-	-	314,066	-
Unrestricted	3,127,630	1,422,563	11,944,788	416,239	16,911,220	474,829
Total net assets	\$ 13,282,163	\$ 8,690,282	\$ 35,488,014	\$ 2,051,150	\$ 59,511,609	\$ 541,179

The notes to the financial statements are an integral part of this statement.

Murray City Corporation
Year ended June 30, 2006

Proprietary Funds
Statement of Revenues, Expenses,
and Changes in Fund Net Assets

	Business Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Non- Major Enterprise Funds	Totals 2006	
Operating revenues						
Sales and charges for services	\$ 4,628,274	\$ 2,994,781	\$ 28,354,736	\$ 1,421,382	\$ 37,399,173	\$ 445,912
Connection and servicing fees	275,662	138,148	208,087	-	621,897	-
Green fees	-	-	-	847,040	847,040	-
Other	16,120	12,718	1,069,400	292,067	1,390,305	-
Total operating revenues	4,920,056	3,145,647	29,632,223	2,560,489	40,258,415	445,912
Operating expenses						
Production or purchase of power	-	-	18,724,219	-	18,724,219	-
Transmission, distribution, and maintenance	1,527,195	886,023	162,364	-	2,575,582	-
Administration and general	1,218,429	514,086	5,293,104	521,225	7,546,844	-
Depreciation and amortization	705,060	249,082	3,605,610	196,743	4,756,495	5,001
Operations and maintenance	-	966,519	3,354,380	968,681	5,289,580	378,337
Jordan River Parkway	-	-	-	453,139	453,139	-
Total operating expenses	3,450,684	2,615,710	31,139,677	2,139,788	39,345,859	383,338
Operating income (loss)	1,469,372	529,937	(1,507,454)	420,701	912,556	62,574
Nonoperating revenues (expenses)						
Interest revenue	112,492	63,852	602,163	6,464	784,971	31,369
Interest expense	(212,056)	(141,411)	(1,254,536)	-	(1,608,003)	-
Impact fees	185,518	111,134	271,961	-	568,613	-
Loss in joint venture	-	(646,403)	-	-	(646,403)	-
Gain on disposal of capital assets	57,015	50,000	2,451,082	-	2,558,097	-
Net nonoperating revenues (expenses)	142,969	(562,828)	2,070,670	6,464	1,657,275	31,369
Income (loss) before operating transfers	1,612,341	(32,891)	563,216	427,165	2,569,831	93,943
Transfers in	-	-	-	512,000	512,000	-
Transfers out	(432,418)	(277,467)	(798,914)	(22,008)	(1,530,807)	-
Change in net assets	1,179,923	(310,358)	(235,698)	917,157	1,551,024	93,943
Net assets at beginning of year	12,102,240	9,000,640	35,723,712	1,133,993	57,960,585	447,236
Net assets at end of year	\$ 13,282,163	\$ 8,690,282	\$ 35,488,014	\$ 2,051,150	\$ 59,511,809	\$ 541,179

The notes to the financial statements are an integral part of this statement.

Business Type Activities - Enterprise Funds

	Water Fund	Waste Water Fund	Power Fund	Non- Major Enterprise Funds	Totals 2006	Governmental Activities - Internal Service Funds
Cash flows from operating activities						
Receipts from customers and users	\$ 4,616,071	\$ 3,151,270	\$ 29,433,871	\$ 2,553,354	\$ 39,754,566	\$ 450,365
Payments to suppliers	(1,699,150)	(1,753,924)	(22,605,922)	(1,183,800)	(27,242,796)	(93,359)
Payments to employees	(1,226,361)	(586,855)	(4,200,287)	(741,050)	(6,754,553)	(296,446)
Net cash provided by operating activities	1,690,560	810,491	2,627,662	628,504	5,757,217	60,560
Cash flows from noncapital financing activities						
Transfers from other funds	-	-	-	512,000	512,000	-
Transfers to other funds	(432,418)	(277,467)	(798,914)	(22,008)	(1,530,807)	-
Advances from (to) other funds	76,577	12,116	56,429	(878,000)	(732,878)	-
Net cash provided by (used in) noncapital financing activities	(355,841)	(265,351)	(742,485)	(388,008)	(1,751,685)	-
Cash flows from capital and related financing activities						
Acquisition and construction of property, plant, and equipment	(1,598,779)	(298,458)	(5,087,540)	-	(6,984,777)	(11,588)
Proceeds from sale of capital assets	57,015	50,000	2,451,082	-	2,558,097	-
Impact fees	185,518	111,134	271,961	-	568,613	-
Principal paid on revenue bonds and debt	(194,024)	(115,976)	(1,060,000)	(95,013)	(1,465,013)	-
Interest paid	(213,026)	(141,991)	(1,276,610)	-	(1,631,627)	-
Net cash provided by (used in) capital and related financing activities	(1,763,296)	(395,291)	(4,701,107)	(95,013)	(6,954,707)	(11,588)
Cash flows from investing activities						
Interest and dividends received	112,492	63,852	602,163	6,464	784,971	31,369
Investments in joint ventures	-	(120,281)	-	-	(120,281)	-
Net cash provided by investing activities	112,492	(56,429)	602,163	6,464	664,690	31,369
Net increase (decrease) in cash and cash equivalents	(316,085)	93,420	(2,213,767)	151,947	(2,284,485)	80,341
Cash and cash equivalents at beginning of year	3,025,114	1,433,959	12,092,712	487,554	17,039,339	739,133
Cash and cash equivalents at end of year	\$ 2,709,029	\$ 1,527,379	\$ 9,878,945	\$ 639,501	\$ 14,754,854	\$ 819,474
Unrestricted cash	2,709,029	1,527,379	3,863,098	639,501	8,739,007	819,474
Restricted cash	-	-	6,015,847	-	6,015,847	-
	\$ 2,709,029	\$ 1,527,379	\$ 9,878,945	\$ 639,501	\$ 14,754,854	\$ 819,474
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 1,469,372	\$ 529,937	\$ (1,507,454)	\$ 420,701	\$ 912,556	\$ 62,574
Adjustments to reconcile operating income (loss) to net cash provided by						
Depreciation and amortization	705,060	249,082	3,726,298	196,743	4,877,183	5,001
Changes in assets and liabilities						
Accounts receivable	(306,516)	5,623	(352,654)	1,826	(651,721)	-
Other receivables	2,531	-	17,407	-	19,938	-
Inventories	-	-	136,895	(8,961)	127,934	4,453
Accounts payable	(173,034)	17,915	574,438	6,731	426,050	(14,167)
Accrued liabilities	4,308	4,053	35,843	7,833	52,037	1,440
Compensated absences	(11,161)	3,881	7,003	3,631	3,354	1,259
Customer deposits	-	-	(10,114)	-	(10,114)	-
Net cash provided by operating activities	\$ 1,690,560	\$ 810,491	\$ 2,627,662	\$ 628,504	\$ 5,757,217	\$ 60,560

The notes to the financial statements are an integral part of this statement.

MURRAY CITY CORPORATION
Notes to the Financial Statements
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Murray was incorporated November 25, 1902. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City Corporation (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 45 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The Power Fund accounts for the activities of the City's electrical production and distribution operations.

The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

The Wastewater Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.

Additionally, the City reports the following fund types:

Internal Service funds to account for the self-insurance activities of the various funds throughout the City and to account for the costs of operating a maintenance facility for vehicles and equipment owned by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Power, Water, Wastewater, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2006 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City had not retroactively recorded infrastructure assets. During the year ended June 30, 2006, the City retroactively recorded infrastructure assets acquired before June 30, 2001. GASB Statement 34 required prospective reporting of infrastructure from June 30, 2002, but allowed

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Assets, Liabilities, and Net Assets or Equity (Continued)

additional time for recording of infrastructure constructed or acquired between June 30, 1980 and June 30, 2001. The pre June 30, 2001, infrastructure has been booked and reported in the government-wide financial statements as prescribed by Statement 34. The infrastructure assets, net of depreciation, are shown on the Statement of Activities as a prior period adjustment. Prior year comparative data in other areas of this report have been modified to reflect the retroactive recording of the infrastructure.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10 to 40 years
Infrastructure	20 to 50 years
Machinery and equipment	4 to 10 years
Furniture and fixtures	5 to 10 years
Water and sewer lines	33 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon retirement, with a limitation of 25 percent of accumulated hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. The liability for accumulated sick pay amounts is not accrued, as the amount is insignificant.

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$134,147,296
Investment in joint venture	1,422,182
Accumulated depreciation	(67,063,240)
Total difference	<u>\$ 68,506,238</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2006 were:

Municipal Building Authority bonds	\$11,810,000
Sales tax revenue bonds	1,780,000
Excise tax revenue bonds	1,920,000
Capital lease	721,370
Interest payable on long-term debt	96,518
Compensated absences	<u>814,412</u>
Total difference	<u>\$17,142,300</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay	\$1,336,859
Depreciation expense	(4,127,193)
Net difference as reported	<u>(\$2,790,334)</u>

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the Municipal Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the Municipal Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

Annual budgets for the General Fund, all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, Community Development Fund and Economic Development Fund), and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Budgetary Information (Continued)

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally reappropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity and Excess Expenditures Over Appropriations

The Telecommunications Enterprise Fund had a deficit net assets of \$32,217 at June 30, 2006. This fund started operations in 2001 and will eliminate this deficit in the next fiscal year through lease or sale of the City's fiber optic backbone ring. The Central Garage Internal Service Fund has a deficit net assets of \$76,881 at June 30, 2006. This deficit will be eliminated by increased charges for services in future years.

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

As of June 30, 2006, the City's demand deposits amounted to \$1,887,022.

As of June 30, 2006, the City had investments in the Utah Public Treasurer's Investment Fund of \$26,044,350. The fund is not rated and the weighted average maturity was less than 90 days. The City also held investments in U.S. Government securities of \$1,379,774.

Custodial credit risk - deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2006, \$3,893,895 of the City's \$4,093,895 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk - Investments. This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest rate credit risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investment within the Public Treasurer's Investment Fund have a weighted average maturity of less than ninety days.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

Credit risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and U.S. Treasury securities during the year.

Concentration of credit risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$21,882,534
Restricted cash	6,048,838
Restricted investments	<u>1,379,774</u>
	<u>\$29,311,146</u>

Deposits

Enterprise fund deposits are deposits the City requires from residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

Receivables

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Water</u>	<u>Waste Water</u>	<u>Power</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$5,278,000	\$ ---	\$ ---	\$ ---	\$1,282,000	\$ 6,560,000
Accounts and other	437,351	671,460	267,568	3,392,411	40,833	4,809,623
Special assessments	1,753	---	---	---	---	1,753
Intergovernmental	<u>2,663,144</u>	---	<u>111,150</u>	---	<u>199,600</u>	<u>2,973,894</u>
Gross receivables	8,380,248	671,460	378,718	3,392,411	1,522,433	14,345,270
Less: allowance for uncollectibles	<u>---</u>	<u>(9,125)</u>	<u>(6,882)</u>	<u>(118,173)</u>	<u>---</u>	<u>(134,180)</u>
Net total receivables	<u>\$8,380,248</u>	<u>\$662,335</u>	<u>\$371,836</u>	<u>\$3,274,238</u>	<u>\$1,522,433</u>	<u>\$14,211,090</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Note receivable (General Fund)	\$ 2,230,331	\$ ---
Sales taxes receivable (General Fund)	1,397,867	---
Property taxes receivable (General Fund)	5,278,000	---
Property taxes receivable (Library Fund)	1,282,000	---
Special assessments not yet due (General Fund)	1,753	---
Various prepayments received (General Fund)	<u>---</u>	<u>123,957</u>
Total deferred/unearned revenue for governmental funds	<u>\$10,189,951</u>	<u>\$123,957</u>

Notes Receivable

General Fund notes receivable include a \$2,230,331 third party promissory note for the sale of property known as the Sports Mall. The note has an interest rate of nine percent with monthly principal and interest payments of \$26,796. Under the note, the City will receive monthly installment payments through May 15, 2017 at which time all unpaid principal and interest become due.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows (Balance June 30, 2005, is as reported in the prior year and the infrastructure additions are the prior period adjustments displayed on the Statement of Activities):

	Balance June 30, 2005	Infrastructure Prior Period Additions	Additions	Reductions	Balance June 30, 2006
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,944,263	\$ ---	\$ ---	\$ ---	\$ 9,944,263
Construction in progress	3,748,799	---	---	3,735,768	13,031
Total capital assets, not being depreciated	13,693,062	---	---	3,735,768	9,957,294
Capital assets, being depreciated:					
Buildings	24,050,713	---	---	---	24,050,713
Improvements	15,121,305	---	---	---	15,121,305
Infrastructure	2,342,720	65,671,933	3,850,991	---	71,865,644
Machinery and equipment, etc.	9,869,490	---	1,068,440	42,430	10,895,500
Furniture and fixtures	2,092,056	---	164,784	---	2,256,840
Total capital assets being depreciated	53,476,284	65,671,933	5,084,215	42,430	124,190,002
Less: accumulated depreciation					
Buildings	6,187,796	---	603,229	---	6,791,025
Improvements	7,041,010	---	711,491	---	7,752,501
Infrastructure	166,031	41,422,225	1,773,913	---	43,362,169
Machinery and equipment	6,736,697	---	797,379	42,430	7,491,646
Furniture and fixtures	1,419,717	---	246,182	---	1,665,899
Total accumulated depreciation	21,551,251	41,422,225	4,132,194	42,430	67,063,240
Total capital assets being depreciated, net	31,925,033	24,249,708	952,021	---	57,126,762
Net governmental capital assets	<u>\$45,618,095</u>	<u>\$24,249,708</u>	<u>\$ 952,021</u>	<u>\$3,735,768</u>	<u>\$ 67,084,056</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,849,761	\$ ---	\$ ---	\$ 3,849,761
Construction in progress	4,307,241	4,667,252	799,240	8,175,253
Total capital assets, not be depreciated	8,157,002	4,667,252	799,240	12,025,014
Capital assets, being depreciated:				
Buildings	5,507,056	378,020	---	5,885,076
Improvements other than buildings	106,792,777	2,698,683	333,474	109,157,986
Machinery and equipment	9,257,601	435,877	831,413	8,862,065
Furniture and fixtures	4,272,666	16,817	158,659	4,130,824
Total capital assets, being depreciated	125,830,100	3,529,397	1,323,546	128,035,951

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less: accumulated depreciation				
Buildings	3,469,013	206,494	---	3,675,507
Improvements other than buildings	49,182,811	3,443,419	8,295	52,617,935
Machinery and equipment	7,871,678	826,533	748,971	7,949,240
Furniture and fixtures	<u>3,271,680</u>	<u>280,049</u>	<u>155,562</u>	<u>3,396,167</u>
Total accumulated depreciation	<u>63,795,182</u>	<u>4,756,495</u>	<u>912,828</u>	<u>67,638,849</u>
Total capital assets being depreciated, net	<u>62,034,918</u>	<u>(1,227,098)</u>	<u>410,718</u>	<u>60,397,102</u>
Net business-type capital assets	<u>\$ 70,191,920</u>	<u>\$3,440,154</u>	<u>\$1,209,958</u>	<u>\$72,422,116</u>

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:		
General government		\$ 508,066
Public safety		873,023
Highways and public improvements		1,773,913
Parks, recreation and public property		946,667
Library		<u>30,525</u>
Total depreciation expense - governmental activities		<u>\$4,132,194</u>
Business-type activities:		
Water		\$ 705,060
Wastewater		249,082
Power		3,605,610
Murray Parkway Recreation		<u>196,743</u>
Total depreciation expense - business type activities		<u>\$4,756,495</u>

Interfund Receivable, Payables and Transfers

At June 30, 2006, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 52,414
	Wastewater	9,471
	Central Garage	150,000
	Community Development	182,000
	Power	38,918
	Telecommunications	33,000
Waste Water	Water	960
Power	General	<u>17,851</u>
		<u>\$484,614</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2006 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 432,418
Wastewater	General	277,467
Power	General	798,914
Murray Parkway Recreation	General	22,008
Cemetery Perpetual Care	General	45,000
General	Murray Parkway Recreation	512,000
		<u>\$2,087,807</u>

Investments in Joint Ventures

The City is a participant in several joint ventures listed below that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

Trans-Jordan Cities The City has an approximate 9.32% ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2006, is reported in the government-wide statement of net assets. The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities.

The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Investments in Joint Ventures (Continued)

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

Central Valley Water Reclamation Facility The Waste Water Fund (an enterprise fund) has an approximate 5.6% ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs and maintenance and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operating, maintenance, administrative expenses and debt service amounted to \$966,519 in 2006. The Waste Water Fund made a net contribution of \$120,281 to the Facility in 2006 and recorded a \$646,403 loss on joint venture resulting in a net decrease in its investment in the Facility of \$526,122.

During 2005, the Facility issued \$30,500,000 of revenue bonds of a total of \$35,000,000 authorized. The City's share of the total obligation will be \$3,462,000 when all bonds are issued. The City is required to fund its proportionate share of debt service each year, which is included in the City's assessment from the Facility.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

Interlocal Agreements

Utah Associated Municipal Power System (UAMPS) The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah, was formed by an Organization Agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity".

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating and maintaining of projects, or ownership interests or capacity rights therein, for the generation, transmission and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II power plant project. During the year ended June 30, 1990, the City acquired an approximate five percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 mega watts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2006 is \$2,350,513.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of AMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

Valley Emergency Communications Center

The City is a member of the Valley Emergency Communications Center (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch and records services.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required by the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.

DEA - Metro Task Force The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City Corporation, Office of Finance and Administration, 5025 South State Street, Murray, UT 84157-0520.

Capital Leases

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

	<u>Original Principal</u>	<u>Interest Rates</u>
Pierce fire truck	\$398,258	3.474%
Phone system	359,883	3.474%
Garbage truck	154,883	3.474%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

<u>Year</u>	<u>Totals</u>
2007	\$196,273
2008	196,273
2009	196,273
2010	<u>196,273</u>
Total minimum lease payments	785,092
Less amount representing interest	(63,722)
Present value of minimum lease payments	721,370
Amount due within one year	<u>171,212</u>
Amount due after one year	<u>\$550,158</u>

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Under an agreement between the City and the Redevelopment Agency, the Redevelopment Agency will make all principal and interest payments on the Series 2002 sales tax bonds.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Revenue bonds outstanding at June 30, 2006 by issue are as follows: (in thousands)

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Amount</u>
MBA Series 1997	\$ 6,890	\$360 to \$585	4.05% to 5.5%	12/1/12	\$ 3,055
Electric Series 2001	20,000	\$570 to \$1,540	4.0% to 5.75%	6/1/21	16,570
MBA Series 2001	9,790	\$330 to \$780	3.65% to 5.5%	12/1/21	8,755
Sales Tax Series 2002	1,865	\$20 to \$285	4.88%	4/1/15	1,780
Excise Tax Series 2003	3,000	\$210 to \$585	2.0% to 3.0%	9/1/09	1,920
Water and Sewer Series 2003	8,500	\$305 to \$2,340	2.0% to 5.25%	10/1/23	7,885
Electric Series 2004	<u>9,300</u>	\$305 to \$685	3.0% to 5.25%	6/1/25	<u>8,995</u>
	<u>\$59,345</u>				<u>\$48,960</u>

Revenue bond debt service requirements to maturity are as follows: (in thousands)

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2007	\$2,770	\$2,266	\$5,036
2008	2,880	2,170	5,050
2009	3,170	2,063	5,233
2010	2,915	1,861	4,776
2011	2,810	1,818	4,628
2012-2016	14,000	7,164	21,164
2017-2021	17,085	3,730	20,815
2022-2025	<u>3,330</u>	<u>497</u>	<u>3,827</u>
Totals	<u>\$48,960</u>	<u>\$21,569</u>	<u>\$70,529</u>

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows: (in thousands)

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due in <u>One Year</u>
Governmental activities:					
Bonds payable:					
MBA lease revenue	\$12,545	\$ ---	(\$ 735)	\$11,810	\$ 765
Sales tax	1,800	---	(20)	1,780	20
Excise tax	<u>2,465</u>	<u>---</u>	<u>(545)</u>	<u>1,920</u>	<u>555</u>
Total bonds payable	16,810	---	(1,300)	15,510	1,340
Capital lease payable	713	180	(172)	721	171
Vacation payable	<u>778</u>	<u>752</u>	<u>(701)</u>	<u>829</u>	<u>746</u>
Total governmental activity long-term liabilities	<u>\$18,301</u>	<u>\$ 932</u>	<u>(\$2,173)</u>	<u>\$17,060</u>	<u>\$2,257</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$34,820	\$ ---	(\$1,370)	\$33,450	\$1,430
Long-term debt	295	---	(95)	200	64
Vacation payable	<u>352</u>	<u>329</u>	<u>(325)</u>	<u>356</u>	<u>320</u>
Total business-type long-term liabilities	<u>\$35,467</u>	<u>\$ 329</u>	<u>(\$1,790)</u>	<u>\$34,006</u>	<u>\$1,814</u>

The Electric Series 2001 Revenue bonds trust indenture specifies a net revenue to debt service coverage ratio the Power Fund is required to maintain. The Power Fund met the debt service coverage requirement at June 30, 2006.

Other Information

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources for uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Contingent Liabilities Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant's power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

Commitments

The City entered into a Pledge and Loan Agreement with the Utah Telecommunications Open Infrastructure Agency (UTOPIA). UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA would lease use of the fiber optic system to retail vendors of telephone, video and other digital services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. The maximum amount committed by the City was \$1,235,039 per year. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement, however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City will be required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from July 1, 2007. The City will, if additional bonds are issued, be required to deposit additional funds into a bond debt service reserve fund. The timing of these additional pledged deposits depends on the timing of additional bond issues. These funds will remain on deposit until the sooner of the bonds being retired or 20 years from the date the City is required to pay the pledge into the debt service reserve fund.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Conduit Debt Obligations From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2006, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97.0 million.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$781,187 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is no outstanding debt of the RDA at June 30, 2006.

During the year ended June 30, 2006, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$369,476, capital outlay costs totaled \$230,607, and debt service payments totaled \$107,815 for the year.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Funding Policy Plan members in the Local Government Contributory Retirement System are required to contribute 6.00 percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 7.08 percent of its annual covered salary. In the Local Government Noncontributory Retirement System the City is required to contribute 11.09 percent of its annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage, the City is required to contribute 19.34 percent of its annual covered salary for members in the noncontributory division. In the Fire Fighters Retirement System for employers without Social Security coverage plan members are required to contribute 8.61 percent of its annual covered salary (all or part may be paid by the employer for the employee) and the City has no contribution requirement. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2006, 2005 and 2004, were equal to the required contributions for each year. The contribution amounts are as follows:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local Governmental Contributory Retirement System	\$ 152,536	\$ 144,316	\$ 125,537
Local Governmental Noncontributory Retirement system	1,372,067	1,320,071	1,108,559
Public Safety Retirement System for Employers with Social Security Coverage	659,370	630,593	505,303
Fire Fighters Retirement System	221,296	219,769	197,945

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued contributions to this plan in 2003.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401 (k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401 (k) plan were \$690,021, \$665,456 and \$798,636 for the years ended June 30, 2006, 2004 and 2004, respectively.

MURRAY CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2006

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2006 was \$45,625.

In addition to the pension benefits described above, the City provides post-retirement health care benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed above. Currently there are 20 retirees who meet those requirements. The City pays 25% of the retirees' health care insurance premiums with the remaining 75% paid by the retirees on a pay-as-you-go basis. This past employment benefit is available until the retiree reaches the age of 65 at which time they are no longer eligible to participate. Terminated employees under the COBRA act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$52,866 in premiums for retirees during the fiscal year ended June 30, 2006.

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	Special Revenue Funds					Capital Project Funds	Permanent Funds	Totals
	Municipal Building Authority	Library Fund	Redevelop- ment Agency Fund	Community Development Fund	Economic Development Fund	Capital Projects Fund	Cemetery Perpetual Care Fund	Total 2006
Assets								
Cash and cash equivalents	\$ 9,049	\$ 203,781	\$ 773,812	\$ 625	\$ 3,874	\$ 7,650	\$ 1,126,706	\$ 2,125,497
Receivables								
Due from other governments	-	-	-	199,600	-	-	-	199,600
Property taxes	-	1,282,000	-	-	-	-	-	1,282,000
Restricted cash	-	32,991	-	-	-	-	-	32,991
Restricted investments	1,379,774	-	-	-	-	-	-	1,379,774
Land held for resale	-	-	20,000	-	-	-	-	20,000
Total assets	<u>\$ 1,388,823</u>	<u>\$ 1,518,772</u>	<u>\$ 793,812</u>	<u>\$ 200,225</u>	<u>\$ 3,874</u>	<u>\$ 7,650</u>	<u>\$ 1,126,706</u>	<u>\$ 5,039,862</u>
Liabilities and Fund Balances								
Accounts payable	\$ -	\$ 8,282	\$ 250	\$ -	\$ -	\$ -	\$ (140)	\$ 8,392
Accrued liabilities	-	37,188	6,079	-	-	-	-	43,267
Deferred revenue	-	1,282,000	-	-	-	-	-	1,282,000
Due to other funds	-	-	-	182,000	-	-	-	182,000
Total liabilities	<u>-</u>	<u>1,327,470</u>	<u>6,329</u>	<u>182,000</u>	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>1,515,859</u>
FUND BALANCES								
Reserved for land held for resale	-	-	20,000	-	-	-	-	20,000
Reserved for debt service	1,379,774	-	-	-	-	-	-	1,379,774
Reserved for working capital	-	32,991	-	-	-	-	-	32,991
Reserved for perpetual care	-	-	-	-	-	-	520,000	520,000
Unreserved								
Undesignated	9,049	158,311	767,483	18,225	3,874	7,650	606,846	1,571,438
Total fund balances	<u>1,388,823</u>	<u>191,302</u>	<u>787,483</u>	<u>18,225</u>	<u>3,874</u>	<u>7,650</u>	<u>1,126,846</u>	<u>3,524,203</u>
Total liabilities and fund balances	<u>\$ 1,388,823</u>	<u>\$ 1,518,772</u>	<u>\$ 793,812</u>	<u>\$ 200,225</u>	<u>\$ 3,874</u>	<u>\$ 7,650</u>	<u>\$ 1,126,706</u>	<u>\$ 5,039,862</u>

Murray City Corporation
Year ended June 30, 2006

Non - Major Governmental Funds
Combining Statement of Revenues, Expenditures,
And Changes In Fund Balances

	Special Revenue Funds					Capital Project Funds	Permanent Funds	Total
	Municipal Building Authority	Library Fund	Redevelopment Agency Fund	Community Development Fund	Economic Development Fund	Capital Projects Fund	Cemetery Perpetual Care Fund	Total 2006
Revenues								
Taxes	\$ -	\$ 1,570,749	\$ 781,187	\$ -	\$ -	\$ -	\$ -	\$ 2,351,936
Intergovernmental	-	13,234	-	76,212	-	-	-	89,446
Perpetual care fees	-	-	-	-	-	-	69,316	69,316
Fines and forfeitures	-	35,881	-	-	-	-	-	35,881
Rental income	1,314,000	-	-	-	-	-	-	1,314,000
Interest	1,160	13,194	32,745	-	-	970	43,648	91,717
Miscellaneous	-	4,818	-	-	-	-	-	4,818
Total revenues	1,315,160	1,637,876	813,932	76,212	-	970	112,964	3,957,114
Expenditures								
Library	-	1,539,833	-	-	-	-	-	1,539,833
Redevelopment	-	-	369,476	-	-	-	-	369,476
Community development	-	-	-	68,546	-	-	-	68,546
Economic development	-	-	-	-	168,960	-	-	168,960
Capital outlay	-	-	230,607	-	-	-	-	230,607
Debt service								
Principal	735,000	-	20,000	-	-	190,000	-	945,000
Interest and admin. charges	572,373	-	87,815	-	-	-	-	660,188
Total expenditures	1,307,373	1,539,833	707,898	68,546	168,960	190,000	-	3,982,610
Excess (deficiency) of revenues over (under) expenditures	7,787	98,043	106,034	7,666	(168,960)	(189,030)	112,964	(25,496)
Other financing sources (uses)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	(45,000)	(45,000)
Total other financing sources (uses)	-	-	-	-	-	-	(45,000)	(45,000)
Net change in fund balances	7,787	98,043	106,034	7,666	(168,960)	(189,030)	67,964	(70,496)
Fund balances at beginning of year	1,381,036	93,259	681,449	10,559	172,834	196,680	1,058,882	3,594,699
Fund balances at end of year	\$ 1,388,823	\$ 191,302	\$ 787,483	\$ 18,225	\$ 3,874	\$ 7,650	\$ 1,126,846	\$ 3,524,203

Murray City Corporation
Year ended June 30, 2006

Municipal Building Authority
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Rental income	\$ 1,350,000	\$ 1,350,000	\$ 1,314,000	\$ (36,000)
Interest	4,000	4,000	1,160	(2,840)
Total revenues	1,354,000	1,354,000	1,315,160	(38,840)
Expenditures				
Miscellaneous	7,000	7,000	0	7,000
Debt service				
Principal	750,000	750,000	735,000	15,000
Interest and admin. charges	597,000	597,000	572,373	24,627
Total expenditures	1,354,000	1,354,000	1,307,373	46,627
Net change in fund balance	-	-	7,787	7,787
Fund balance at beginning of year	1,381,036	1,381,036	1,381,036	-
Fund balance at end of year	\$ 1,381,036	\$ 1,381,036	\$ 1,388,823	\$ 7,787

Murray City Corporation
Year ended June 30, 2006

Library Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,503,000	\$ 1,503,000	\$ 1,570,749	\$ 67,749
Intergovernmental	18,000	18,000	13,234	(4,766)
Fines and forfeitures	25,000	25,000	35,881	10,881
Interest	3,000	3,000	13,194	10,194
Miscellaneous	4,000	4,000	4,818	818
Total revenues	<u>1,553,000</u>	<u>1,553,000</u>	<u>1,637,876</u>	<u>84,876</u>
Expenditures				
Current				
Salaries and wages	861,600	861,600	866,969	(5,369)
Building and equipment repairs and maintenance	295,600	295,600	299,628	(4,028)
Books and periodicals	250,000	250,000	261,685	(11,685)
Miscellaneous	145,800	145,800	111,551	34,249
Total expenditures	<u>1,553,000</u>	<u>1,553,000</u>	<u>1,539,833</u>	<u>13,167</u>
Net change in fund balance	-	-	98,043	98,043
Fund balance at beginning of year	<u>93,259</u>	<u>93,259</u>	<u>93,259</u>	-
Fund balance at end of year	<u>\$ 93,259</u>	<u>\$ 93,259</u>	<u>\$ 191,302</u>	<u>\$ 98,043</u>

Murray City Corporation
Year ended June 30, 2006

Redevelopment Agency Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 995,000	\$ 995,000	\$ 781,187	\$ (213,813)
Interest	4,000	4,000	32,745	28,745
Miscellaneous	1,000	1,000	-	(1,000)
Total revenues	1,000,000	1,000,000	813,932	(186,068)
Expenditures				
Current				
Professional services	239,300	239,300	76,761	162,539
Salaries and wages	103,800	103,800	110,518	(6,718)
Miscellaneous	266,900	266,900	182,197	84,703
Capital outlay	282,000	282,000	230,607	51,393
Debt service				
Principal	20,000	20,000	20,000	-
Interest and admin. charges	88,000	88,000	87,815	185
Total expenditures	1,000,000	1,000,000	707,898	292,102
Net change in fund balance	-	-	106,034	106,034
Fund balance at beginning of year	681,449	681,449	681,449	-
Fund balance at end of year	\$ 681,449	\$ 681,449	\$ 787,483	\$ 106,034

Murray City Corporation
Year ended June 30, 2006

Community Development Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 741,200	\$ 741,200	\$ 76,212	\$ (664,988)
Total revenues	741,200	741,200	76,212	(664,988)
Expenditures				
Miscellaneous	741,200	741,200	68,546	672,654
Total expenditures	741,200	741,200	68,546	672,654
Net change in fund balance	-	-	7,666	7,666
Fund balance at beginning of year	10,559	10,559	10,559	-
Fund balance at end of year	<u>\$ 10,559</u>	<u>\$ 10,559</u>	<u>\$ 18,225</u>	<u>\$ 7,666</u>

Murray City Corporation
Year ended June 30, 2006

Economic Development Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Miscellaneous	175,000	175,000	168,960	6,040
Total expenditures	175,000	175,000	168,960	6,040
Excess (deficiency) of revenues over (under) expenditures	(175,000)	(175,000)	(168,960)	6,040
Other financing sources (uses)				
Operating transfers in	10,000	10,000	-	(10,000)
Net change in fund balance	(165,000)	(165,000)	(168,960)	(3,960)
Fund balance at beginning of year	172,834	172,834	172,834	-
Fund balance at end of year	\$ 7,834	\$ 7,834	\$ 3,874	\$ (3,960)

Murray City Corporation
Year ended June 30, 2006

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 970	\$ (30)
Total revenues	1,000	1,000	970	(30)
Expenditures				
Debt service				
Principal	190,000	190,000	190,000	-
Total expenditures	190,000	190,000	190,000	-
Net change in fund balance	(189,000)	(189,000)	(189,030)	(30)
Fund balance at beginning of year	196,680	196,680	196,680	-
Fund balance at end of year	<u>\$ 7,680</u>	<u>\$ 7,680</u>	<u>\$ 7,650</u>	<u>\$ (30)</u>

Murray City Corporation
Year ended June 30, 2006

Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Perpetual care fees	\$ 40,000	\$ 40,000	\$ 69,316	\$ 29,316
Interest	25,000	25,000	43,648	18,648
Total revenues	65,000	65,000	112,964	47,964
Expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	65,000	65,000	112,964	47,964
Other financing sources (uses)				
Operating transfers out	(45,000)	(45,000)	(45,000)	-
Total other financing sources (uses)	(45,000)	(45,000)	(45,000)	-
Net change in fund balance	20,000	20,000	67,964	47,964
Fund balance at beginning of year	1,058,882	1,058,882	1,058,882	-
Fund balance at end of year	<u>\$ 1,078,882</u>	<u>\$ 1,078,882</u>	<u>\$ 1,126,846</u>	<u>\$ 47,964</u>

Murray City Corporation
June 30, 2006

Internal Service Funds
Statement of Net Assets

	Central Garage Fund	Retained Risk Reserve Fund	Total 2006
Assets			
Current assets			
Cash and cash equivalents	\$ 1,414	\$ 818,060	\$ 819,474
Accounts receivable	118	-	118
Inventories	43,686	-	43,686
Total current assets	45,218	818,060	863,278
Property, plant, and equipment			
Machinery and equipment	138,176	-	138,176
Less accumulated depreciation	(71,826)	-	(71,826)
Net property, plant, and equipment	66,350	-	66,350
Total assets	111,568	818,060	929,628
Liabilities and Net Assets			
Current liabilities			
Accounts payable	\$ 12,509	\$ -	\$ 12,509
Accrued liabilities	11,443	200,000	211,443
Due to other funds	150,000	-	150,000
Total current liabilities	173,952	200,000	373,952
Compensated absences	14,497	-	14,497
Total liabilities	188,449	200,000	388,449
Net assets			
Invested in capital assets	66,350	-	66,350
Unrestricted	(143,231)	618,060	474,829
Total net assets	\$ (76,881)	\$ 618,060	\$ 541,179

Murray City Corporation
Year ended June 30, 2006

Internal Service Funds
Statement of Revenues, Expenses, and
Changes in Fund Net Assets

	Central Garage Fund	Retained Risk Reserve Fund	Total 2006
Operating revenues - charges for services	<u>\$ 345,912</u>	<u>\$ 100,000</u>	<u>\$ 445,912</u>
Operating expenses			
Depreciation and amortization	5,001	-	5,001
Garage	338,997	-	338,997
Self insurance claims	-	30,000	30,000
Legal services	-	9,340	9,340
Total expenses	<u>343,998</u>	<u>39,340</u>	<u>383,338</u>
Operating income	1,914	60,660	62,574
Nonoperating revenues			
Interest revenue	-	31,369	31,369
Change in net assets	1,914	92,029	93,943
Net assets - beginning of year	<u>(78,795)</u>	<u>526,031</u>	<u>447,236</u>
Net assets - end of year	<u>\$ (76,881)</u>	<u>\$ 618,060</u>	<u>\$ 541,179</u>

Murray City Corporation
Year ended June 30, 2006

Internal Service Funds
Statement of Cash Flows

	Central Garage Fund	Retained Risk Reserve Fund	Total 2006
Cash flows from operating activities			
Receipts from customers and users	\$ 350,365	\$ 100,000	\$ 450,365
Payments to suppliers	(54,019)	(39,340)	(93,359)
Payments to employees	(296,446)	-	(296,446)
Net cash provided (used) by operating activities	(100)	60,660	60,560
Cash flows used in capital and related financing activities			
Acquisition and construction of property plant, and equipment	(11,588)	-	(11,588)
Net cash used in capital and related financing activities	(11,588)	-	(11,588)
Cash flows from investing activities			
Interest and dividends received	-	31,369	31,369
Net cash provided (used) by investing activities	-	31,369	31,369
Net increase (decrease) in cash and cash equivalents	(11,688)	92,029	80,341
Cash and cash equivalents at beginning of year	13,102	726,031	739,133
Cash and cash equivalents at end of year	\$ 1,414	\$ 818,060	\$ 819,474
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income	\$ 1,914	\$ 60,660	\$ 62,574
Adjustments to reconcile operating income to net cash provided by (used in) operating activities			
Depreciation and amortization	5,001	-	5,001
Changes in assets and liabilities			
Inventories	4,453	-	4,453
Accounts receivable	-	-	-
Accounts payable	(14,167)	-	(14,167)
Accrued liabilities	1,440	-	1,440
Compensated absences	1,259	-	1,259
Net cash provided (used) by operating activities	\$ (100)	\$ 60,660	\$ 60,560

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	Total Non- Major Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 221,945	\$ 416,773	\$ 783	\$ 639,501
Receivables				
Accounts	-	40,715	-	40,715
Inventories	68,134	-	-	68,134
Total current assets	290,079	457,488	783	748,350
Property, plant and equipment				
Land	326,336	-	-	326,336
Buildings	797,534	-	-	797,534
Improvements other than buildings	3,785,295	-	-	3,785,295
Machinery and equipment	690,222	-	-	690,222
Accumulated depreciation	(3,964,476)	-	-	(3,964,476)
Net property, plant, and equipment	1,634,911	-	-	1,634,911
Total assets	1,924,990	457,488	783	2,383,261
LIABILITIES				
Current liabilities				
Accounts payable	17,187	92	-	17,279
Accrued liabilities	50,539	-	-	50,539
Due to other funds	-	-	33,000	33,000
Long-term debt - current portion	-	64,062	-	64,062
Total current liabilities	67,726	64,154	33,000	164,880
Noncurrent liabilities				
Compensated absences	31,612	-	-	31,612
Long-term debt	-	135,619	-	135,619
Total noncurrent liabilities	31,612	135,619	-	167,231
Total liabilities	99,338	199,773	33,000	332,111
NET ASSETS				
Invested in capital assets, net of debt	1,634,911	-	-	1,634,911
Unrestricted	190,741	257,715	(32,217)	416,239
Total net assets	\$ 1,825,652	\$ 257,715	\$ (32,217)	\$ 2,051,150

Murray City Corporation
Year ended June 30, 2006

Non-Major Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	Total Non- Major Funds
Operating revenues				
Sales and charges for services	\$ 613,952	\$ 807,430	\$ -	\$ 1,421,382
Green fees	847,040	-	-	847,040
Other	13,967	-	278,100	292,067
Total operating revenues	1,474,959	807,430	278,100	2,560,489
Operating expenses				
Administration and general	521,225	-	-	521,225
Depreciation and amortization	196,743	-	-	196,743
Operations and maintenance	226,736	741,945	-	968,681
Jordan River Parkway	453,139	-	-	453,139
Total operating expenses	1,397,843	741,945	-	2,139,788
Operating income	77,116	65,485	278,100	420,701
Nonoperating revenues (expenses)				
Interest revenue	4,262	2,202	-	6,464
Net nonoperating revenues (expenses)	4,262	2,202	-	6,464
Income before transfers	81,378	67,687	278,100	427,165
Transfers in	512,000	-	-	512,000
Transfers out	(22,008)	-	-	(22,008)
Change in net assets	571,370	67,687	278,100	917,157
Net assets at beginning of year	1,254,282	190,028	(310,317)	1,133,993
Net assets at end of year	\$ 1,825,652	\$ 257,715	\$ (32,217)	\$ 2,051,150

Murray City Corporation
Year ended June 30, 2006

Non-Major Proprietary Funds
Combining Statement of Cash Flows

	Enterprise Funds			Total Non- Major Funds
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Tele- communications Fund	
Cash flows from operating activities				
Receipts from customers and users	\$ 1,465,998	\$ 809,256	\$ 278,100	\$ 2,553,354
Payments to suppliers	(441,947)	(741,853)	-	(1,183,800)
Payments to employees	(741,050)	-	-	(741,050)
Net cash provided by operating activities	283,001	67,403	278,100	628,504
Cash flows from noncapital financing activities				
Transfers from other funds	512,000	-	-	512,000
Transfers to other funds	(22,008)	-	-	(22,008)
Advances to other funds	(600,000)	-	(278,000)	(878,000)
Net cash used in noncapital financing activities	(110,008)	-	(278,000)	(388,008)
Cash flows from capital and related financing activities				
Interest paid	-	-	-	-
Acquisition of capital assets	-	-	-	-
Principal payments on debt	(33,326)	(61,687)	-	(95,013)
Net cash used in capital and related financing activities	(33,326)	(61,687)	-	(95,013)
Cash flows from investing activities				
Interest and dividends received	4,262	2,202	-	6,464
Net cash provided by investing activities	4,262	2,202	-	6,464
Net increase in cash and cash equivalents	143,929	7,918	100	151,947
Cash and cash equivalents at beginning of year	78,016	408,855	683	487,554
Cash and cash equivalents at end of year	\$ 221,945	\$ 416,773	\$ 783	\$ 639,501
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 77,116	\$ 65,485	\$ 278,100	\$ 420,701
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	196,743	-	-	196,743
Changes in assets and liabilities				
Accounts receivable	-	1,826	-	1,826
Inventories	(8,961)	-	-	(8,961)
Accounts payable	6,639	92	-	6,731
Accrued liabilities	7,833	-	-	7,833
Compensated absences	3,631	-	-	3,631
Net cash provided by operating activities	\$ 283,001	\$ 67,403	\$ 278,100	\$ 628,504

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Murray City Corporation, Utah

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

- **Financial Trends**--these schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity**--these schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- **Debt Capacity**--these schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information**--these schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information**--these schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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MURRAY CITY CORPORATION

Schedule 1

Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities					
Invested in capital assets, net of related debt					
Restricted	\$22,869,807	\$28,770,223	\$28,343,192	\$29,541,665	\$52,274,868
Unrestricted	7,557,422	2,558,697	2,202,087	1,898,696	1,899,774
Total governmental activities net assets	<u>\$42,716,444</u>	<u>\$44,779,847</u>	<u>\$46,234,137</u>	<u>\$49,517,799</u>	<u>\$74,816,746</u>
Business-type activities					
Invested in capital assets, net of related debt					
Restricted	\$49,286,673	\$53,545,182	\$49,573,548	\$39,193,479	\$42,286,323
Unrestricted	2,121,200	2,155,287	4,282,936	314,066	314,066
Total business-type activities net assets	<u>\$56,018,022</u>	<u>\$57,802,626</u>	<u>\$57,045,273</u>	<u>\$57,960,585</u>	<u>\$59,511,609</u>
Primary Government					
Invested in capital assets, net of related debt					
Restricted	\$72,156,480	\$82,315,405	\$77,916,740	\$68,735,144	\$94,561,191
Unrestricted	9,678,622	4,713,984	6,485,023	2,212,762	2,213,840
Total primary government net assets	<u>\$98,734,466</u>	<u>\$102,582,473</u>	<u>\$103,279,410</u>	<u>\$107,478,384</u>	<u>\$134,328,355</u>

MURRAY CITY CORPORATION

Schedule 2

Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
2006				
Expenses				
Governmental Activities				
General government	\$4,065,105	\$4,136,700	\$4,074,801	\$4,054,281
Public safety	12,416,912	12,392,322	13,214,002	13,877,094
Highways and public improvements	4,748,122	4,459,142	4,874,103	3,724,064
Parks, recreation and public property	3,348,204	2,907,748	5,563,445	6,083,456
Library	1,128,403	1,139,467	1,258,685	1,379,520
Community and economic development	2,225,452	385,434	525,528	684,436
Interest on long-term debt	652,990	781,567	764,187	774,296
Total governmental activities expenses	\$28,585,188	\$26,202,380	\$30,274,751	\$30,577,147
				\$35,715,215
Business-type activities				
Power	\$37,517,554	\$30,596,620	\$30,183,419	\$30,428,215
Water	3,249,238	3,368,046	3,752,221	4,046,970
Wastewater	2,641,355	2,925,598	2,945,314	3,032,725
Golf course	1,961,230	1,570,162	1,448,381	1,469,321
Telecommunications	178,304	214,648	213,443	0
Solid waste	641,874	299,524	1,012,461	682,874
Total business-type activities expenses	\$46,189,555	\$38,974,598	\$39,555,239	\$39,660,105
Total primary government expenses	\$74,774,743	\$65,176,978	\$69,829,990	\$70,237,252
				\$77,315,480
Program Revenues				
Governmental Activities				
Charges for services	\$5,836,058	\$5,552,891	\$6,135,776	\$7,711,241
Operating grants and contributions	184,101	210,603	307,046	369,624
Capital grants and contributions	1,615,985	1,740,930	1,612,653	1,365,688
Total governmental activities program revenues	\$7,636,144	\$7,504,424	\$8,055,475	\$9,446,553
				\$7,896,838

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Business-type activities					
Charges for services					
Power	\$29,418,522	\$32,331,530	\$29,040,954	\$28,963,206	\$29,904,184
Water	3,196,993	3,663,390	4,592,803	5,082,931	5,105,574
Wastewater	2,514,964	3,058,672	3,250,041	3,887,480	3,256,781
Golf course	1,492,402	1,584,819	1,346,824	1,344,921	1,474,959
Telecommunications	0	0	24,076	272,002	278,100
Solid waste	299,003	307,520	798,893	813,042	807,430
Capital grants and contributions	785,901	81,570	0		
Total business-type activities program revenues	\$37,707,785	\$41,027,501	\$39,053,591	\$40,363,582	\$40,827,028
Total primary government program revenues	\$45,343,929	\$48,531,925	\$47,109,066	\$49,810,135	\$48,723,866

Net (Expense)/Revenue					
Governmental Activities	(\$20,949,044)	(\$18,697,956)	(\$22,219,276)	(\$21,130,594)	(\$27,818,377)
Business-type activities	(8,481,770)	2,052,903	(501,648)	703,477	(773,237)
Total primary government net expense	(\$29,430,814)	(\$16,645,053)	(\$22,720,924)	(\$20,427,117)	(\$28,591,614)

General Revenues and Other Changes in Net Assets

Governmental activities					
Taxes					
Property taxes	\$5,090,708	\$5,707,438	\$7,115,502	\$6,801,198	\$8,516,510
Franchise taxes	747,943	2,025,047	2,140,507	2,933,072	3,172,563
General sales taxes and highway sales taxes	13,221,897	11,795,500	12,952,157	13,676,733	15,115,383
Interest income	651,301	448,815	433,704	463,925	726,690
Loss on sale and disposal of assets	(1,127,587)	134,127	87,909	126,981	115,434
Miscellaneous	297,722	205,432	492,487	203,347	202,229
Rent and transfers	575,000	445,000	451,300	209,000	1,018,807
Total governmental activities	19,456,984	20,761,359	23,673,566	24,414,256	28,867,616

Business-type activities					
Interest income	423,041	176,701	195,595	369,377	784,971
Gain on sale and disposal of assets	0	0	0	51,458	2,558,097
Rent and transfers	(575,000)	(445,000)	(451,300)	(209,000)	(1,018,807)
Total business-type activities	(151,959)	(268,299)	(255,705)	211,835	2,324,261
Total primary government	\$19,305,025	\$20,493,060	\$23,417,861	\$24,626,091	\$31,191,877

Changes in Net Assets					
Governmental Activities	(\$1,492,060)	\$2,063,403	\$1,454,290	\$3,283,662	\$1,049,239
Business-type activities	(8,633,729)	1,784,604	(757,353)	915,312	1,551,024
Total primary government	(\$10,125,789)	\$3,848,007	\$696,937	\$4,198,974	\$2,600,263

MURRAY CITY CORPORATION
Schedule 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund										
Reserved	\$109	\$72	\$72	\$76	\$79	\$600	\$184	\$1,580	\$1,745	\$1,280
Unreserved	3,535	3,812	3,595	3,901	4,143	5,873	4,145	4,032	6,233	7,781
Total General Fund	<u>\$3,644</u>	<u>\$3,884</u>	<u>\$3,667</u>	<u>\$3,977</u>	<u>\$4,222</u>	<u>\$6,473</u>	<u>\$4,329</u>	<u>\$5,612</u>	<u>\$7,978</u>	<u>\$9,061</u>
All other governmental funds										
Reserved	\$434	\$1,484	\$1,498	\$1,907	\$1,559	\$2,548	\$2,149	\$1,949	\$1,978	\$1,952
Unreserved, reported in										
Capital projects funds	685	266	52	106	168	176	102	614	197	8
Special revenue funds	1,564	1,565	1,296	892	2,027	3,145	1,324	1,108	1,420	1,564
Debt service funds	384	0	0	0	0	0	0	0	0	0
Total all other governmental funds	<u>\$3,067</u>	<u>\$3,315</u>	<u>\$2,846</u>	<u>\$2,905</u>	<u>\$3,754</u>	<u>\$5,869</u>	<u>\$3,575</u>	<u>\$3,671</u>	<u>\$3,595</u>	<u>\$3,524</u>

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Murray City Corporation
Schedule 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes and special assessments	\$16,744	\$17,614	\$18,411	\$19,475	\$20,090	\$21,505	\$20,228	\$22,837	\$24,845	\$25,247
Licenses and permits	673	660	857	1,035	902	802	1,052	1,025	2,235	1,449
Intergovernmental	1,202	1,954	1,530	1,408	3,826	2,081	1,952	1,920	1,736	1,948
Charges for services	987	890	749	967	962	1,202	1,365	1,586	1,776	1,985
Fines and forfeitures	255	248	348	682	1,068	1,475	1,842	2,150	2,384	2,300
Rents and concessions	0	158	772	747	772	757	747	1,060	1,326	1,314
Miscellaneous	266	288	283	321	354	298	205	492	203	202
Interest	511	471	648	598	723	651	439	434	464	727
Total revenues	20,638	22,283	23,598	25,233	28,697	28,771	27,830	31,504	34,969	35,172

Expenditures										
General government	2,360	2,440	3,907	3,262	3,328	3,679	4,128	4,478	5,075	5,105
Public safety	9,587	9,030	9,662	10,297	11,669	12,580	12,180	12,960	13,913	14,624
Highways and public improvements	4,654	5,052	5,502	5,510	5,053	4,700	4,884	7,490	4,809	5,734
Parks, recreation & public property	2,915	3,930	2,434	3,457	3,750	3,514	5,417	4,895	5,525	5,621
Library	672	724	897	969	1,080	1,230	1,242	1,362	1,514	1,540
Community & economic development	562	262	249	26	47	594	249	258	201	237
Redevelopment	94	247	228	268	319	163	135	267	477	369
Capital outlay	1,331	6,672	408	147	1,238	9,684	2,805	153	7	231
Debt service										
Principal	295	310	994	755	800	796	585	935	1,260	1,300
Interest	186	348	400	306	260	606	777	745	772	713
Bond issuance costs	0	0	0	0	0	207	0	0	0	0
Total expenditures	22,656	29,015	24,681	24,997	27,544	37,753	32,402	33,543	33,553	35,474

Excess of revenues over (under) expenditures (2,018) (6,732) (1,083) 236 1,153 (8,982) (4,572) (2,039) 1,416 (302)

Other Financing Sources (Uses)

Proceeds from borrowing	0	6,890	0	0	0	11,655	0	3,000	0	0
Capital lease financing	0	0	0	0	0	0	0	0	733	180
Transfers in	865	2,075	215	215	200	1,180	560	25	245	1,576
Transfers out	(719)	(1,911)	(50)	(50)	(25)	(1,060)	(560)	(25)	(245)	(557)
Sale of fixed assets	211	2,328	353	88	113	173	134	418	141	115
Advance refunding	0	(2,283)	0	0	0	0	0	0	0	0
Total other financing sources (uses)	357	7,099	518	253	288	11,948	134	3,418	874	1,314
Net change in fund balances	(\$1,661)	\$367	(\$565)	\$489	\$1,441	\$2,966	(\$4,438)	\$1,379	\$2,290	\$1,012

Debt service as a percentage of noncapital expenditures

2.31% 3.03% 6.09% 4.46% 4.20% 5.30% 4.82% 5.30% 6.45% 6.06%

Murray City Corporation
Schedule 5
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1997	\$1,573,017,986	\$1.26	\$1,790,000,000	87.9%
1998	1,737,801,405	1.29	2,140,000,000	81.2%
1999	1,808,983,965	1.20	2,230,000,000	81.3%
2000	1,879,439,211	1.23	2,320,000,000	81.0%
2001	1,995,381,842	1.36	2,460,000,000	81.1%
2002	2,140,558,277	1.54	2,820,000,000	75.9%
2003	2,240,713,841	1.49	2,870,000,000	78.1%
2004	2,646,945,401	1.51	3,578,000,000	74.0%
2005	2,759,982,137	1.50	3,720,000,000	74.2%
2006	2,862,401,216	1.45	3,863,000,000	74.1%

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All property is assessed at it's fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value.

Murray City Corporation
Schedule 6
Direct and Overlapping Property Tax Rates
Last Ten Fiscal years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates				
	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
1997	\$1.26	\$5.49	\$0.44	\$4.10	\$0.01	\$0.34
1998	1.29	5.20	0.42	4.16	0.01	0.40
1999	1.20	5.12	0.42	3.41	0.01	0.40
2000	1.23	5.20	0.43	3.87	0.01	0.40
2001	1.36	5.14	0.40	2.91	0.01	0.39
2002	1.54	5.88	0.39	2.03	0.01	0.40
2003	1.49	6.47	0.38	2.94	0.02	0.40
2004	1.51	6.51	0.38	2.87	0.03	0.36
2005	1.50	6.64	0.51	2.82	0.03	0.35
2006	1.45	6.53	0.49	2.68	0.03	0.40

Source: Salt Lake County

**Murray City Corporation
Schedule 7
Principal Sales Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2006			1997		
	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	\$1,226,562	1	7.52%	-----		-----
Furniture Store	759,349	2	4.66%	\$555,398	1	4.36%
Toyota Dealer	550,606	3	3.38%	320,313	6	2.52%
Clothing Store	476,728	4	2.92%	448,026	3	3.52%
Warehouse Store	473,951	5	2.91%	424,622	4	3.33%
Chevrolet Dealer	457,410	6	2.80%	292,873	8	2.30%
Honda Dealer	437,587	7	2.68%	180,339	10	1.42%
BMW Dealer	431,937	8	2.65%	175,580	11	1.38%
Lexus Dealer	337,045	9	2.07%	136,914	15	1.08%
Electronics Store	323,182	10	1.98%	-----		-----
Telecommunications	318,695	11	1.95%	-----		-----
Ford Dealer	307,904	12	1.89%	312,753	7	2.46%
Department Store	294,540	13	1.81%	335,950	5	2.64%
Building Materials	293,919	14	1.80%	266,432	9	2.09%
Heavy Equipment	286,375	15	1.76%	155,246	14	1.22%
Nissan Dealer	279,696	16	1.71%	164,482	13	1.29%
Department Store	260,021	17	1.59%	520,418	2	4.09%
Municipality	240,641	18	1.48%	173,891	12	1.37%
	<u>\$7,756,148</u>		<u>47.55%</u>	<u>\$4,463,237</u>		<u>35.05%</u>

Source: Utah State Tax Commission

**Murray City Corporation
Schedule 8
Property Tax Levies and Collections
Last Ten Fiscal years**

Fiscal Year Ending June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of levy		Amount	Percentage of Levy
1997	\$2,045,556	\$1,997,432	97.65%	\$82,294	\$2,079,726	101.67%
1998	2,166,776	2,095,334	96.70%	59,716	2,155,050	99.46%
1999	2,247,357	2,099,550	93.42%	65,898	2,165,448	96.36%
2000	2,347,319	2,267,083	96.58%	79,773	2,346,856	99.98%
2001	2,803,216	2,720,974	97.07%	68,077	2,789,051	99.49%
2002	3,339,529	3,236,133	96.90%	56,414	3,292,547	98.59%
2003	3,370,383	3,266,544	96.92%	82,203	3,348,747	99.36%
2004	4,050,520	3,895,765	96.18%	75,424	3,971,189	98.04%
2005	4,213,642	4,131,312	98.05%	122,950	4,254,262	100.96%
2006	4,252,740	4,125,737	97.01%	111,516	4,237,253	99.64%

Source: Salt Lake County Treasurer

Murray City Corporation
Schedule 9
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
1997	\$1,680,000	\$0	\$6,750,000	\$0	\$8,430,000	1.12%	\$261
1998	8,280,000	0	4,305,000	0	12,585,000	1.55%	383
1999	7,286,000	0	3,555,000	0	10,841,000	1.26%	324
2000	6,531,000	0	2,750,000	0	9,281,000	0.74%	204
2001	5,731,000	0	20,000,000	0	25,731,000	1.95%	565
2002	16,590,000	0	19,430,000	126,000	36,146,000	2.72%	798
2003	16,005,000	0	18,755,000	98,000	34,858,000	2.62%	781
2004	18,070,000	0	26,555,000	387,000	45,012,000	3.22%	1,010
2005	16,810,000	713,000	34,820,000	290,000	52,633,000	3.59%	1,184
2006	15,510,000	543,000	33,450,000	200,000	49,703,000	3.27%	1,121

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Murray City Corporation
Schedule 10
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Murray City School District	\$26,785,099	100.00%	\$26,520,000
Salt Lake County General Obligation Debt	188,716,172	4.96%	9,360,322
Other debt			
Salt Lake County Sales Tax Bonds	90,435,746	4.96%	4,485,613
Salt Lake County Lease Revenue Bonds	63,875,245	4.96%	3,168,212
Salt Lake County Capital Leases	2,845,250	4.96%	141,124
Salt Lake County Notes Payable	1,080,000	4.96%	53,568
Subtotal, overlapping debt			43,728,840
City direct debt			16,053,000
Total direct and overlapping debt			\$59,781,840

Source: Debt outstanding data obtained from Comprehensive Annual Financial Report of the governmental unit.

Note: The percentage of overlapping debt is based upon population.

Murray City Corporation
Schedule 11
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$143,200	\$171,200	\$178,400	\$185,600	\$196,800	\$225,600	\$229,600	\$286,240	\$297,600	\$309,040
Total net debt applicable to limit	6,215	3,286	2,536	1,731	18,366	19,661	18,977	29,739	39,085	48,960
Legal debt margin	\$136,985	\$167,914	\$175,864	\$183,869	\$178,434	\$205,939	\$210,623	\$256,501	\$258,515	\$260,080

Total net debt applicable to the limit as a percentage of debt limit	4.34%	1.92%	1.42%	0.93%	9.33%	8.71%	8.27%	10.39%	13.13%	15.84%
--	-------	-------	-------	-------	-------	-------	-------	--------	--------	--------

The bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property.

Legal Debt Margin Calculation for Fiscal Year 2006

Total reasonable fair cash value	<u>\$3,863,000</u>
Debt limit (8% of fair cash value)	309,040
Debt applicable to debt limit:	<u>48,960</u>
Legal debt margin	<u>\$260,080</u>

**Murray City Corporation
Schedule 12
Pledged Revenue Coverage
Last Ten Fiscal Years**

2001 and 2004 Electric Revenue Bonds						
Fiscal Year	(1) Utility Revenues	(2) Less Utility Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1997	\$21,457,357	\$16,879,624	\$4,577,733	\$660,000	\$386,848	4.37
1998	21,400,720	17,653,807	3,746,913	710,000	343,948	3.56
1999	23,390,111	17,507,937	5,882,174	750,000	297,088	5.62
2000	23,475,471	18,981,880	4,493,591	805,000	246,838	4.27
2001	23,453,257	24,170,134	(716,877)	0	366,063	(1.96)
2002	29,865,308	32,086,704	(2,221,396)	570,000	1,073,620	(1.35)
2003	32,505,637	25,863,361	6,642,276	675,000	958,300	4.07
2004	29,174,680	25,364,029	3,810,651	700,000	931,300	2.34
2005	29,276,312	25,246,377	4,029,935	730,000	1,138,221	2.16
2006	32,957,429	27,534,067	5,423,362	1,060,000	1,276,823	2.32

2003 Water and Sewer Revenue Bonds						
2004	\$7,904,276	\$4,865,702	\$3,038,574	\$0	\$161,331	18.83
2005	9,075,720	4,799,802	\$4,275,918	305,000	346,825	6.56
2006	8,645,714	5,112,252	\$3,533,462	310,000	340,675	5.43

2003 Excise Tax Road Revenue Bonds						
2004	\$1,545,963	\$0	\$1,545,963	\$0	\$34,688	44.57
2005	1,200,096	0	\$1,200,096	535,000	64,025	2.00
2006	1,415,168	0	\$1,415,168	545,000	53,225	2.37

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Revenues include operating and nonoperating revenues.

(2) Expenses exclusive of depreciation, amortization, loss in joint venture, interest expense and in lieu of tax transfers.

**Murray City Corporation
Schedule 13
Demographic and Economic Statistics
Last Ten Calendar Years**

Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rates (3)
1996	32,071	\$703,605,669	\$21,939	3.0%
1997	32,335	752,952,810	23,286	2.7%
1998	32,898	809,422,392	24,604	3.4%
1999	33,461	857,136,976	25,616	3.4%
2000	45,391	1,256,150,534	27,674	3.0%
2001	45,565	1,317,511,975	28,915	4.3%
2002	45,315	1,329,949,935	29,349	6.3%
2003	44,621	1,331,401,398	29,838	5.7%
2004	44,555	1,397,467,575	31,365	4.8%
2005	44,453	1,466,193,299	32,983	4.7%

(1) United States Census Bureau for Murray City.

(2) U. S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County.

(3) Utah Department of Workforce Services for Salt Lake County.

Murray City Corporation
Schedule 14
Principal Employers
As of June 30, 2006

Employer	Industry	Employees	Rank
Cottonwood Hospital	Health Care	1,800	1
Murray City Corporation	Local Government	941	2
Murray City School District	Public Education	815	3
The University of Phoenix	Higher Education	503	4
Securitas Security Services	Security Services	400	5
3M Health Information Systems	Data Processing Services	377	6
Nordstrom, Inc	Department Store	331	7
Workers Compensation Fund	Insurance	324	8
Dillard's	Department Store	259	9
Sears, Roebuck and Company	Department Store	233	10

Note: Principal Employers for prior years is not available.

Murray City Corporation
Schedule 15
Full Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full Time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	50	57	56	54	58	62	66	66	68	66
Police										
Officers	61	61	61	66	67	67	70	72	75	75
Civilians	13	15	15	15	17	17	17	17	17	17
Fire										
Firefighters	38	40	40	40	50	50	50	50	50	50
Civilians	2	2	2	2	1	2	2	2	2	2
Highways & Public Improvements	34	38	38	36	36	38	38	40	40	42
Parks, Recreation & Public Property	30	30	29	29	31	31	34	34	34	34
Library	9	10	10	10	10	10	10	10	10	10
Community & Economic Development	4	4	5	5	6	6	6	6	5	5
Fleet	6	6	7	7	7	6	6	6	5	5
Power	52	55	60	59	62	59	55	56	54	54
Water	14	17	14	15	16	16	17	16	16	16
Wastewater	8	9	11	11	10	10	9	10	10	9
Golf Course	9	9	10	10	10	9	9	9	9	9
Total Full Time Equivalent Employees	330	353	358	359	381	383	389	394	395	394
Seasonal Employees	314	312	291	311	330	397	507	559	578	547
Total Employees	644	665	649	670	711	780	896	953	973	941

Murray City Corporation
Schedule 16
Operating Indicators By Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Physical arrests	---	2,075	3,200	2,697	3,497	3,654	3,528	4,318	4,563	42,060
Traffic citations	---	---	---	---	---	---	7,746	11,429	13,588	11,959
Fire										
Fire calls	945	807	916	1,020	1,113	1,148	1,163	1,030	1,086	1,261
Medical calls	2,426	2,296	2,511	2,730	2,991	3,489	3,473	3,141	3,490	3,456
Inspections	1,060	1,008	912	905	987	1,144	1,310	1,266	1,132	1,176
Parks and recreation										
Park Center admissions	0	0	0	0	0	2,522	18,539	30,317	32,074	34,000
Recreation participants	11,890	11,931	11,082	11,686	11,436	12,100	13,653	14,873	15,581	15,320
Library										
Volumes in collection	84,161	80,516	76,697	73,406	84,344	81,715	82,335	82,602	81,643	85,861
Total volumes borrowed	273,189	281,147	266,022	262,974	265,084	294,418	307,901	340,622	352,306	339,282
Water										
Customers	8,721	8,850	8,853	9,084	9,074	9,229	9,310	9,356	9,304	9,456
Annual consumption (in millions of gallons)										
Sewer	3,459	3,367	3,397	3,131	2,974	2,836	2,729	2,711	3,234	2,750
Customers	8,219	8,700	8,704	8,561	8,598	8,627	8,722	8,784	8,817	8,953
Power										
Customers	15,787	15,760	15,771	16,213	15,904	15,938	15,999	16,087	16,112	16,269
Peak demand (KW)	75,518	78,526	80,532	82,320	89,040	89,980	93,150	98,300	93,310	98,560
Internal generation (MWH)	10,483	11,548	12,536	9,608	14,616	93,876	50,014	42,411	25,729	27,655
Purchased power (MWH)	330,962	332,690	329,841	361,098	368,396	305,859	331,056	397,312	369,312	383,825

Murray City Corporation
Schedule 17
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	35	39	39	36	36	36	36	38	38	38
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Streets (miles)	135	135	135	136	136	136	142	142	143	143
Streetlights	2,327	2,333	2,355	2,361	2,370	2,385	2,409	2,454	2,458	2,489
Parks and recreation										
Acreage	124	124	124	149	149	149	259	259	259	259
Parks	9	9	9	9	9	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	0	0	0	0	0	0	1	1	1	1
Water										
Water mains (miles)	138	138	139	139	174	176	176	177	178	178
Wastewater										
Sanitary sewers (miles)	82	82	82	84	113	121	122	124	125	125
Power										
Generators	3	3	3	3	3	4	4	4	4	4
Substations	4	4	4	4	4	4	4	4	4	4

COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2006, and have issued our report thereon dated November 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated November 8, 2006.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 8, 2006

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
Murray City Corporation, Utah

We have audited the basic financial statements of Murray City Corporation, Utah (the City) for the year ended June 30, 2006, and have issued our report thereon dated November 8, 2006. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Cash Management	B & C Road Funds
Budgetary Compliance	Other Compliance Requirements
Truth in Taxation and Property	Impact Fees
Tax Limitation	Uniform Building Code Standards
Liquor Law Enforcement	Purchasing Requirements
Public Debt	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Murray City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 8, 2006

MURRAY CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2006

Requirement/Program

Current Year Findings

1. Fund Balance

Finding: Unreserved fund balance in the General Fund can be up to 18% of the budgeted revenues of the fund. At June 30, 2006, unreserved fund balance is 21.7% of 2006-2007 budgeted revenues.

Recommendation: The City should amend the current year budget as necessary and appropriate the excess fund balance.

Management's Response: The City will appropriate the excess fund balance in the fiscal year 2007 budget.

2. Justice Court

Finding: State law requires the State Surcharge report be filed by the 10th of each month. In nine of the twelve months, the report and related funds were filed late.

Recommendation: We recommend the Court Clerk generate the report timely and request a hand write check, if needed, from accounting in order to ensure the report is filed timely.

Management's Response: The Justice Court will generate the required reports and make the appropriate payments by the 10th of each month.

3. Deficit Fund Balance

Finding: Under State law, deficit fund balances in any fund are illegal. We noted deficit fund balances in the Central Garage Internal Service Fund of \$76,885 and \$32,217 in the Telecommunications Fund, as of June 30, 2006. This deficit resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management review the budget of these funds and take appropriate action to eliminate these deficit fund balances in accordance with State of Utah legal compliance guidelines.

Management's Response: The City will make the appropriate revenue adjustments to eliminate the deficit fund balances in the next fiscal year.

MURRAY CITY CORPORATION
Continuing Disclosure-Impact Fee Collection and Use for Enterprise Funds
Fiscal Year Ending June 30, 2006

Revenues:

Water impact fees	\$ 185,518.28
Waste water impact fees	\$ 111,134.40
Power impact fees	<u>\$ 271,960.94</u>
Total revenues	\$ 568,613.62

Expenditures:

Water pipe replacement	\$ 185,518.28
Construction & Improvement CVWR	\$ 111,134.40
138KV line upgrade	<u>\$ 271,960.94</u>
Total expenditures	\$ 568,613.62

Impact fees are collected and used on a city wide basis.
Detail of specific projects available upon request.

CONTINUING DISCLOSURE SECTION

MURRAY CITY CORPORATION
Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah
Fiscal Year Ending June 30, 2006
Disclosure References

Municipal Building Authority of Murray City, Utah
Debt Issuance of the Municipal Building Authority
See Note 4 in Notes to Financial Statements in this Report.

Debt Structure of Murray City
Outstanding Municipal Debt of the City
See Note 4 in Notes to Financial Statements in this Report.

Financial Information Regarding Murray City
Certain Property Tax Matters--Historical City Tax Rates
See Schedule 6 in the Statistical Section of this Report.

Certain Property Tax Matters--Taxable and Estimated Market Value of Property
See Schedule 5 in the Statistical Section of this Report.

Certain Property Tax Matters--Tax Collection Record
See Schedule 8 in the Statistical Section of this Report.

Five Year Financial Summary- See Table 2 of Municipal Building Authority
Continuing Disclosure.

Management's Discussion of Operations-See Management's Discussion and
Analysis in the Financial Section of this report.

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 1997 and Series 2001A
Fiscal Year Ending June 30, 2006

Table 1

Sources of General Fund Revenue

Set forth below are brief descriptions of the various sources of revenue available to the City's general fund. The percentage of total general fund revenues represent by each source is based on the City's audited financial statements for the year ending June 30, 2006.

Taxes--Approximately 73% of the general fund revenues are from taxes (approximately 66% from sales and use taxes; approximately 20% from general property taxes; approximately 14% from franchise taxes.

Fines and Forfeitures--Approximately 7% of general fund revenues are collected from fines and forfeitures.

Charges for Services--Approximately 6% of general fund revenues are from charges for services.

Intergovernmental Revenues--Approximately 6% of general fund revenues are from state and federal grants and shared revenues.

Licenses and Permits--Approximately 5% of general fund revenues are from licenses and permits.

Interest--Approximately 2% of general fund revenues are from interest income.

Miscellaneous Revenue--Approximately 1% of general fund revenues are from miscellaneous revenues..

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 1997 and Series 2001A
Fiscal Year Ending June 30, 2006

Table 2
Murray City General Fund Balance Sheet
(This summary has not been audited)

	<u>Fiscal Year Ending June 30</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
ASSETS					
Cash and cash equivalents	\$2,405,080	\$806,665	\$3,213,053	\$6,676,845	\$9,198,556
Investments	0	0	0	0	1,000,000
Accounts receivable	673	0	0	0	0
Special assessments	4,095	1,876	1,140	20,859	1,753
Other	123,643	206,493	131,322	1,509,373	437,351
Property taxes receivable	2,920,000	3,462,000	3,830,000	3,740,000	5,278,000
Due from other funds	3,559,414	3,825,529	3,300,000	1,177,480	465,803
Due from other governments	2,155,315	2,279,248	2,521,501	2,367,113	2,663,144
Notes receivable	2,734,936	2,646,957	2,459,077	2,345,465	2,230,331
Restricted cash & cash equivalents	1,638,888	119,311	273,038	0	0
TOTAL ASSETS	\$15,542,044	\$13,348,079	\$15,729,131	\$17,837,135	\$21,274,938
LIABILITIES AND FUND EQUITY					
Accounts payable	\$1,264,883	\$939,455	\$996,070	\$825,809	\$1,982,751
Accrued liabilities	729,714	619,739	1,294,262	1,281,043	1,168,659
Due to other funds	100,792	500	0	100,150	17,851
Deposits	47,746	18,809	18,809	12,699	12,699
Deferred revenue	6,770,463	7,263,195	7,617,107	7,489,375	9,031,908
Compensated absences	155,016	177,657	190,905	149,638	0
Total liabilities	9,068,614	9,019,355	10,117,153	9,858,714	12,213,868
Fund Balance					
Reserved:					
For narcotics equipment	70,423	0	0	0	0
For class "C" roads	529,790	183,779	350,000	515,000	50,000
For UTOPIA	0	0	1,230,000	1,230,000	1,230,000
Unreserved					
Designated for subsequent years expenditures	1,969,000	0	0	0	0
Designated for community project	24,217	0	0	0	0
Undesignated	3,880,000	4,144,945	4,031,978	6,233,421	7,781,070
Total Fund Equity	6,473,430	4,328,724	5,611,978	7,978,421	9,061,070
TOTAL LIABILITIES AND FUND EQUITY	\$15,542,044	\$13,348,079	\$15,729,131	\$17,837,135	\$21,274,938

MURRAY CITY CORPORATION
Continuing Disclosure - Municipal Building Authority of Murray City, Utah
Lease Revenue Bonds Series 1997 and Series 2001A
Fiscal Year Ending June 30, 2006

Table 2A
Murray City General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
(This summary has not been audited)

	<u>Fiscal Year Ending June 30</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
REVENUES					
Taxes and special assessments	\$20,138,549	\$18,740,017	\$20,915,883	\$22,479,549	\$22,895,306
Licenses and permits	802,105	1,052,090	1,024,736	2,235,131	1,448,991
Intergovernmental	1,538,612	1,369,344	1,793,125	1,539,849	1,858,507
Charges for services	1,154,397	1,319,368	1,541,695	1,735,337	1,915,910
Fines and forfeitures	1,450,634	1,814,314	2,121,704	2,357,026	2,263,787
Interest	401,134	381,807	359,138	409,369	634,973
Sale of fixed assets	172,797	0	0	0	0
Miscellaneous	211,246	164,649	237,279	197,379	197,411
TOTAL REVENUE	\$25,869,474	\$24,841,589	\$27,993,560	\$30,953,640	\$31,214,885
EXPENDITURES					
Current:					
General government	3,679,319	4,128,390	4,478,171	5,074,547	5,104,793
Public safety	12,579,859	12,180,489	12,960,316	13,913,342	14,623,999
Highways and public improvements	4,699,453	4,884,314	7,489,857	4,809,252	5,733,760
Parks, recreation and public property	3,514,299	5,417,229	4,894,871	5,525,074	5,620,872
Debt service					
Principal	0	0	0	155,000	355,000
Interest and administrative charges	0	0	0	29,322	53,069
TOTAL EXPENDITURES	24,472,930	26,610,422	29,823,215	29,506,537	31,491,493
Excess (deficiency) of revenues over expenditures	1,396,544	(1,768,833)	(1,829,655)	1,447,103	(276,608)
Other financing sources (uses)					
Operating transfers in	50,000	50,000	50,000	45,000	1,575,807
Operating transfers out	(1,060,000)	(560,000)	(25,000)	0	(512,000)
Sale of fixed assets	0	134,127	87,909	141,332	115,434
Bond proceeds or capital lease financing	1,865,000	0	3,000,000	733,008	180,016
Net other financing sources (uses)	855,000	(375,873)	3,112,909	919,340	1,359,257
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	2,251,544	(2,144,706)	1,283,254	2,366,443	1,082,649
Fund balance at beginning of year	4,221,886	6,473,430	4,328,724	5,611,978	7,978,421
Fund balance at end of year	\$6,473,430	\$4,328,724	\$5,611,978	\$7,978,421	\$9,061,070

System Rates

Rates fixed and charged for the energy distributed by Murray City Power are recommended by the Power Advisory Board and established by ordinance by the Mayor and City Council. Rates for electric service to customers of Murray City Power are not subject to approval of any Utah or federal regulatory body.

The Department last implemented a 16.4% rate increase in April 2002. The unit costs and average monthly billings for most residential and commercial customers under current rates are as follows:

Residential

Customer Charge:	Per meter, per billing period	\$2.79	
Energy Charge	Summer (Apr. 1 thru Sept. 30)		
	All KWh, Per KWh:		\$0.0741
Energy Charge	Winter (Oct. 1 thru Mar. 31)		
	First 600 KWh, Per KWh:		\$0.0741
	Excess KWh, per KWh:		\$0.0506

Residential (All Electric)

Customer Charge:	Per meter, per billing period	\$2.79	
Energy Charge:	Summer (Apr. 1 thru Sept. 30)		
	All KWh, per KWh:		\$0.0698
Energy Charge:	Winter (Oct. 1 thru Mar. 31)		
	First 600 KWh, per KWh:		\$0.0605
	Excess KWh, per KWh:		\$0.0400

Commercial (General Service Small)

Customer Charge:	Per meter, per billing period	\$6.98	
Energy Charge:	First 1500 KWH, per KWH		\$0.0757
	All additional KWH, per KWH		\$0.0384
Demand Charge:	All KW above 5 KW, per KW		\$9.89

Commercial (General Service Large)

Customer Charge:	Per meter, per billing period	\$17.46	
Energy Charge:	First 1500 KWH, per KWH		\$0.0648
	All additional KWH, per KWH		\$0.0356
Demand Charge:	All KW above 5 KW, per KW		\$10.19

AVERAGE MONTHLY BILL AND CONSUMPTION

	<u>Summer Bill</u>	<u>Summer KWH</u>	<u>Winter Bill</u>	<u>Winter KWH</u>
Residential	\$ 60.21	779	\$ 47.18	651
Residential (All Electric)	54.66	776	61.75	1,238
Commercial (General Service Small)	142.16	1,673	130.21	1,499
Commercial (General Service Large)	2,747.63	42,557	2,444.78	37,764

Bills for electric service are prepared and mailed by the City administration on a monthly basis. Second and third notices of non-payment are given 50 and 58 days, respectively, after the date of the initial bill. Electric service is terminated between 60 and 76 days after the date of the initial bill.

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001 & 2004
Fiscal Year Ending June 30, 2006

Table 2

Ten Largest Power Customers

<u>Name</u>	<u>Type of Business</u>	<u>KWH</u>	<u>% of the City's Total KWH</u>
Intermountain Health Care	Health Care	16,793,780	4.18%
Fashion Place Mall	Retail Mall	11,928,820	2.97
Murray City	Government	10,899,341	2.71
Murray School District	Public Education	7,301,840	1.82
Multi Technology Inc.	Medical Manufacturing	5,978,000	1.49
Costco	Retail Sales	4,348,200	1.08
Larry H. Miller	Automobile Dealerships	4,212,120	1.05
Sam's Club	Retail sales	3,310,600	0.83
Utah Transit Authority	Transportation	3,267,449	0.82
Qwest	Telecommunications	<u>3,254,440</u>	<u>0.81</u>
	Totals.....	71,294,590	17.76%

MURRAY CITY CORPORATION
Continuing Disclosure - Electric Revenue Bonds - Series 2001 & 2004
Fiscal Year Ending June 30, 2006

Table 3
Power Department Annual Operating Statistics

	<u>Fiscal Year Ending June 30</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Electric Revenues by Classes					
Residential	\$7,335,343	\$8,274,668	\$8,458,376	\$8,195,616	\$8,758,130
Commercial and Industrial	14,999,626	16,892,539	17,646,722	17,260,075	18,798,937
Other	445,042	664,695	732,671	715,472	739,225
Total Electric Revenues	\$22,780,011	\$25,831,902	\$26,837,769	\$26,171,163	\$28,296,292
Number of Metered Customers					
Residential	13,057	13,059	13,120	13,128	13,253
Commercial and Industrial	2,757	2,794	2,825	2,833	2,857
Other	124	146	142	151	159
Total Metered Customers	15,938	15,999	16,087	16,112	16,269
Peak Demand (kW)	89,980	93,150	98,300	93,310	98,560
Energy Generated & Purchased					
Total System Generation (MWh)	98,876	50,014	42,411	25,729	27,655
Purchased Power (MWh)	305,859	331,056	397,362	369,313	383,825
Total Energy Available (MWh)	404,735	381,070	439,773	395,042	411,480
Losses and System Use (MWh)	39,731	12,026	55,277	22,127	22,897
Energy Sales (MWh)	365,004	369,044	384,496	372,915	388,583
Electric Energy Sales					
Residential (MWh)	110,967	111,874	114,442	109,378	113,730
Commercial and Industrial (MWh)	244,972	246,935	241,960	252,429	263,954
Other (MWh)	9,065	10,235	28,094	11,108	10,899
Total Energy Sales (MWh)	365,004	369,044	384,496	372,915	388,583

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001& 2004
Fiscal Year Ending June 30, 2006

Table 4
Power Fund Historical Operating Results(1)

	Fiscal Year Ending June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating revenues:					
Energy sales revenue	\$28,817,737	\$31,622,662	\$28,047,182	\$26,571,079	\$28,354,736
Miscellaneous	600,785	708,868	993,772	2,392,127	1,277,487
Total operating revenues	29,418,522	32,331,530	29,040,954	28,963,206	29,632,223
Operating expenses:					
Cost of power	20,118,702	17,524,821	16,161,707	16,544,212	18,724,219
Operating and maintenance (excluding depreciation, amoriza- tion and in lieu of tax transfers)	11,968,002	8,338,540	9,202,322	8,702,165	8,808,848
Total operating expenses	32,086,704	25,863,361	25,364,029	25,246,377	27,533,067
Net operating revenues	(2,668,182)	6,468,169	3,676,925	3,716,829	2,099,156
Other income and expense (net)	446,786	174,107	133,726	305,636	3,325,206
Balance available for debt service	(2,221,396)	6,642,276	3,810,651	4,022,465	5,424,362
Debt service on bonds	1,643,620	1,633,300	1,631,300	1,868,221	2,336,823
Debt service coverage ratio	(1.35)	4.07	2.34	2.15	2.32

(1) Historical data has been taken from audited financial statements of the Power Fund.

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2001 & 2004
Fiscal Year Ending June 30, 2006

Table 4A
Power Fund Projected Operating Results (1)

	Fiscal Year Ending June 30				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating revenues:					
Energy sales revenue	\$30,596,000	\$34,055,000	\$34,897,000	\$36,450,000	\$37,100,000
Miscellaneous	1,035,000	867,000	867,000	867,000	610,000
Total operating revenues	31,631,000	34,922,000	35,764,000	37,317,000	37,710,000
Operating expenses:					
Cost of power	18,017,000	19,369,000	20,217,000	21,150,000	21,820,000
Operating and maintenance (excluding depreciation, amoriza- tion and in lieu of tax transfers)	8,293,000	8,525,000	8,699,000	8,895,000	8,319,000
Total operating expenses	26,310,000	27,894,000	28,916,000	30,045,000	30,139,000
Net operating revenues	5,321,000	7,028,000	6,848,000	7,272,000	7,571,000
Other income and expense (net)	210,000	235,000	260,000	285,000	500,000
Balance available for debt service	5,531,000	7,263,000	7,108,000	7,557,000	8,071,000
Debt service on bonds	2,349,000	2,349,000	2,349,000	2,352,000	2,353,000
Debt service coverage ratio	2.36	3.1	3.03	3.22	3.44

(1) Basis of projection for Fiscal Years 2007 through 2011 utilizes actual data.

MURRAY CITY CORPORATION
Continuing Disclosure-Excise Tax Road Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 1
Sources of Revenues for Class B and Class C Road Allocations
(Expressed in Thousands)

	<u>Fiscal Year</u> <u>2001</u>	<u>Fiscal Year</u> <u>2002</u>	<u>Fiscal Year</u> <u>2003</u>	<u>Fiscal Year</u> <u>2004</u>	<u>Fiscal Year</u> <u>2005</u>
Motor Fuel Tax	229,410	237,925	236,639	239,925	241,484
Special Fuel Tax	80,590	84,406	84,523	86,163	93,837
Motor Vehicle Registration Fees	25,935	27,378	28,359	29,390	30,690
Proportional Registration Fees	11,554	11,665	11,838	11,830	12,122
Temporary Permits	409	401	397	360	336
Special Transportation Permits	5,911	5,831	6,112	5,962	6,612
Highway Use Permits	7,473	8,000	7,944	8,148	8,421
Motor Vehicle Control Fees	4,093	4,167	4,289	4,515	4,757
Mecellaneous Permits & Fees	1,881	1,610	1,721	1,852	1,895
Investment Income	4,616	2,075	1,655	1,934	3,457
Mecellaneous Other Income	2,591	1,720	3,081	1,049	1,677
TOTAL	374,463	385,178	386,558	391,128	405,288

(Source: Utah State Auditor's Office-Comprehensive Annual Financial Reports.)

Table 2
Class C Road Fund Distributions

<u>Year</u>	<u>Murray City</u> <u>Allocations</u>	<u>Total B & C Road</u> <u>Fund Allocations</u>
2001	1,146,081	104,976,375
2002	1,081,093	107,357,917
2003	1,177,321	115,755,260
2004	1,545,953	126,044,713
2005	1,200,096	99,940,917
2006	1,116,253	92,051,605

(Source Mirray City and Utah Department of Transportation)

Table 3
Calculation of Actural & Estimated Debt Service Coverage

<u>Fiscal Year</u>	<u>Actual* or Projected</u> <u>Class C Road Funds</u>	<u>Debt Service</u> <u>2003 Bonds</u>	<u>Coverage</u>
2004*	1,545,953	34,688	44.57
2005*	1,200,096	599,025	2.00
2006*	1,116,253	598,225	1.87
2007	1,250,000	597,225	2.09
2008	1,250,000	600,263	2.08
2009	1,250,000	600,075	2.08
2010	1,250,000	213,150	5.86

(Source Mirray City)

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 1
Historical Net Revenues and Debt Service Coverage(1)(2)

	Fiscal Year Ending June 30				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Operating Revenue					
Charges for Services	5,438,058	6,132,548	7,293,072	6,935,371	7,623,055
Fees	266,938	566,679	429,738	2,014,598	710,462
Other	6,961	22,835	120,034	20,442	28,838
Total Sources of Funds	5,711,957	6,722,062	7,842,844	8,970,411	8,362,355
Operating Expenses					
Transmission & Distribution	2,178,368	2,146,999	2,281,379	2,421,315	2,413,218
Administration and General	1,538,127	1,654,477	1,887,448	1,671,031	1,732,515
Operation & Maintenance	644,616	773,453	696,875	707,456	966,519
(Excluding depreciation, amortization, in lieu of tax transfers and loss on joint venture)					
Total Expenses	4,361,111	4,574,929	4,865,702	4,799,802	5,112,252
Net Operating Income	1,350,846	2,147,133	2,977,142	4,170,609	3,250,103
Non-Operating Income					
Interest Income	40,876	1,802	61,432	61,321	176,344
Interest Expense on Interfund loan	(95,000)	(148,236)	(37,000)	(30,000)	0
Developers Contributions	706,544	81,570	0	0	0
Gain (loss) on Disposal of Assets	0	(1,750)	2,340	43,988	107,015
Total Non-Operating Revenues	652,420	(66,614)	26,772	75,309	283,359
Balance available for debt service	2,003,266	2,080,519	3,003,914	4,245,918	3,533,462
Debt service on bonds	0	0	106,605	651,825	650,675
Balance Remaining After debt service	2,003,266	2,080,519	2,897,309	3,594,093	2,882,787
Debt Service Coverage	n/a	n/a	28.18	6.51	5.43

(1) The City had no outstanding debt payable from Revenues of the System prior to the Series 2003 Bonds.

(2) Data has been taken from audited financial statements if the Water and Sewer Funds.

MURRAY CITY CORPORATION
Continuing Disclosure - Water and Sewer Revenue Bonds - Series 2003
Fiscal Year Ending June 30, 2006

Table 2

Ten Largest Water and Sewer Customers

<u>Name</u>	<u>Water Charges</u>	<u>Sewer Charges</u>	<u>Total</u>
Murray City Corporation	\$129,306	\$48,140	\$177,446
Murray School District	116,309	35,141	151,450
Intermountain Health Care	56,044	54,092	101,136
Stillwater Apartments	48,429	49,811	98,240
Hunters Woods Apartments	41,745	53,090	94,835
Three Fountains Condos	42,656	43,937	86,593
Winchester Estates	50,133	29,619	79,752
Jamespointe Apartments	28,263	30,221	58,484
Applegate Condos	25,471	25,978	51,449
Fashion Place Mall	27,198	25,484	50,682

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 3A
Five Year Financial Summaries of the System

Balance Sheet-Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current assets:					
Cash and cash equivalents	22,803	26,347	1,239,544	2,602,412	2,709,029
Receivables:					
Accounts, net of allowance	334,023	518,285	510,367	349,375	655,891
Other receivables	1,131	450	450	8,975	6,444
Due from other funds	<u>210,987</u>	<u>0</u>	<u>0</u>	<u>33,288</u>	<u>0</u>
Total current assets	<u>568,944</u>	<u>545,082</u>	<u>1,750,361</u>	<u>2,994,050</u>	<u>3,371,364</u>
Restricted cash	0	0	1,658,133	422,702	0
Property, plant and equipment:					
Land	1,197,419	1,318,666	1,714,666	1,714,666	1,714,666
Buildings	570,550	570,550	570,550	570,550	904,024
Improvements other than buildings	13,675,432	14,073,404	14,702,406	18,538,057	19,925,064
Machinery and equipment	2,018,113	2,065,505	2,511,769	2,534,912	2,095,040
Furniture and fixtures	394,806	394,806	394,806	394,806	244,515
Construction in progress	0	517,574	3,446,352	244,954	0
Accumulated dedreciation	<u>(8,112,466)</u>	<u>(8,632,906)</u>	<u>(9,180,051)</u>	<u>(9,803,253)</u>	<u>(9,793,700)</u>
Net property, plant and equipment	<u>9,743,854</u>	<u>10,307,599</u>	<u>14,160,498</u>	<u>14,194,692</u>	<u>15,089,609</u>
Other assets					
Unamortized bond issue costs	0	0	22,762	21,564	20,366
Total assets	<u>10,312,798</u>	<u>10,852,681</u>	<u>17,591,754</u>	<u>17,633,008</u>	<u>18,481,339</u>
Liabilities:					
Current liabilities					
Accounts payable	77,482	163,659	991,617	218,829	45,795
Accrued liabilities	21,512	26,474	40,717	44,486	48,794
Due to other funds	11,835	234,133	10,085	10,085	53,374
Long-term debt - current portion	0	0	190,900	194,024	197,153
Accrued interest	<u>0</u>	<u>0</u>	<u>54,745</u>	<u>53,791</u>	<u>52,821</u>
Total current liabilities	110,829	424,266	1,288,064	521,215	397,937
Compensated absences:	59,030	66,147	70,186	74,477	63,316
Long-term debt, due after one year	0	0	<u>5,129,100</u>	<u>4,935,076</u>	<u>4,737,923</u>
Total liabilities	<u>169,859</u>	<u>490,413</u>	<u>6,487,350</u>	<u>5,530,768</u>	<u>5,199,176</u>
Net assets					
Investment in capital assets net of debt	9,743,854	10,307,599	9,031,398	9,065,592	10,154,533
Restricted for debt service	0	0	1,658,133	0	0
Unrestricted	<u>399,085</u>	<u>54,669</u>	<u>414,873</u>	<u>3,036,648</u>	<u>3,127,630</u>
Total net assets	<u>10,142,939</u>	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 3B
Five Year Financial Summaries of the System

Statement of Revenues, Expenses, and Changes in Fund Net Asset
Water Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating revenues					
Sales and charges for service	3,014,658	3,250,716	4,260,983	3,828,387	4,628,274
Connection servicing fees	179,219	397,576	269,711	1,240,859	461,180
Other	<u>3,116</u>	<u>15,098</u>	<u>62,109</u>	<u>13,685</u>	<u>16,120</u>
Total operating revenues	<u>3,196,993</u>	<u>3,663,390</u>	<u>4,592,803</u>	<u>5,082,931</u>	<u>5,105,574</u>
Operating expenses					
Transmission, distribution & maintenance	1,471,871	1,450,283	1,516,252	1,686,865	1,527,195
Administrative and general	1,140,222	1,210,223	1,426,708	1,208,218	1,218,429
Depreciation and amortization (1)	503,136	535,550	570,726	729,670	705,060
In lieu of tax transfers (1)	<u>269,009</u>	<u>304,137</u>	<u>380,475</u>	<u>342,363</u>	<u>432,418</u>
Total operating expenses	<u>3,384,238</u>	<u>3,500,193</u>	<u>3,894,161</u>	<u>3,967,116</u>	<u>3,883,102</u>
Operating income (loss)	<u>(187,245)</u>	<u>163,197</u>	<u>698,642</u>	<u>1,115,815</u>	<u>1,222,472</u>
Nonoperating revenues (expenses)					
Interest revenue	40,197	1,507	41,154	53,887	112,492
Interest expense	0	0	0	(215,854)	(212,056)
Contributed assets from developers	619,466	57,478	0	0	0
Gain (loss) on disposal of equipment	0	(2,853)	2,340	43,988	57,015
Net nonoperating revenues (expense)	<u>659,663</u>	<u>56,132</u>	<u>43,494</u>	<u>(117,979)</u>	<u>(42,549)</u>
Income (loss) before operating transfers	472,418	219,329	742,136	997,836	1,179,923
Operating transfers	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Charge in net assets	462,418	219,329	742,136	997,836	1,179,923
Net assets at beginning of year	<u>9,680,521</u>	<u>10,142,939</u>	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>
Net assets at end of year	<u>10,142,939</u>	<u>10,362,268</u>	<u>11,104,404</u>	<u>12,102,240</u>	<u>13,282,163</u>

(1) Not included as an Operating and Maintenance Expense.

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 4A
Five Year Financial Summaries of the System
Balance Sheet-Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current assets:					
Cash and cash equivalents	10,523	85,916	556,392	1,433,959	1,527,379
Receivables:					
Accounts, net of allowance	213,267	259,274	266,774	266,309	260,686
Due from other funds	10,987	0	10,085	10,085	960
Due from other governments	<u>111,150</u>	<u>111,150</u>	111,150	111,150	111,150
Total current assets	<u>345,927</u>	<u>456,340</u>	<u>944,401</u>	<u>1,821,503</u>	<u>1,900,175</u>
Restricted cash	0	0	416,660	0	0
Property, plant and equipment:					
Land	178,487	178,487	178,487	178,487	178,487
Buildings	949,132	949,132	949,132	949,132	949,132
Improvements other than buildings	4,407,402	4,441,756	7,776,639	7,776,639	7,833,261
Machinery and equipment	1,289,715	1,279,795	1,279,795	1,279,795	1,324,131
Furniture and fixtures	102,768	102,762	102,762	102,762	102,762
Construction in progress	0	283,378	0	0	0
Accumulated dedreciation	<u>(3,333,371)</u>	<u>(3,535,892)</u>	<u>(3,725,419)</u>	<u>(4,085,386)</u>	<u>(4,136,252)</u>
Net property, plant and equipment	<u>3,594,133</u>	<u>3,699,418</u>	<u>6,561,396</u>	<u>6,201,429</u>	<u>6,251,521</u>
Other assets:					
Investment in joint ventures	5,970,907	5,955,256	5,662,169	4,178,178	3,652,056
Unamrotized bond issue costs	0	0	13,605	12,889	12,173
Total other assets	<u>5,970,907</u>	<u>5,955,256</u>	<u>5,675,774</u>	<u>4,191,067</u>	<u>3,664,229</u>
Total assets	<u>9,910,967</u>	<u>10,111,014</u>	<u>13,598,231</u>	<u>12,213,999</u>	<u>11,815,925</u>
Liabilities:					
Current liabilities					
Accounts payable	108,393	110,907	339,933	73,489	91,404
Accrued liabilities	9,718	10,725	17,165	18,979	23,032
Due to other funds	1,906,487	2,014,133	1,800,000	6,480	9,471
Long-term debt - current portion	0	0	114,100	115,976	117,847
Accrued interest	0	0	32,724	32,153	31,573
Total current liabilities	2,024,598	2,135,765	2,303,922	247,077	273,327
Compensated absences:	15,684	17,103	16,958	16,358	20,239
Long-term debt, due after one year	0	0	3,065,900	2,949,924	2,832,077
Total liabilities	<u>2,040,282</u>	<u>2,152,868</u>	<u>5,386,780</u>	<u>3,213,359</u>	<u>3,125,643</u>
Net assets					
Investment in capital assets net of debt	9,565,040	9,654,674	9,157,665	7,313,707	6,953,653
Restricted for debt service	0	0	416,660	314,066	314,066
Unrestricted	<u>(1,694,355)</u>	<u>(1,696,528)</u>	<u>(1,362,874)</u>	<u>1,372,867</u>	<u>1,422,563</u>
Total net assets	<u>7,870,685</u>	<u>7,958,146</u>	<u>8,211,451</u>	<u>9,000,640</u>	<u>8,690,282</u>

MURRAY CITY CORPORATION
Continuing Disclosure-Water & Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2006

Table 4B
Five Year Financial Summaries of the System
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Sewer Enterprise Fund

	Fiscal Year Ending June 30				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Operating revenues					
Sales and charges for service	2,423,400	2,881,832	3,032,089	3,106,984	2,994,781
Connection servicing fees	87,719	169,103	160,027	773,739	249,282
Other	<u>3,845</u>	<u>7,737</u>	<u>57,925</u>	<u>6,757</u>	<u>12,718</u>
Total operating revenues	<u>2,514,964</u>	<u>3,058,672</u>	<u>3,250,041</u>	<u>3,887,480</u>	<u>3,256,781</u>
Operating expenses					
Transmission, distribution & maintenance	706,497	696,716	765,127	734,450	886,023
Administrative and general	397,905	444,254	460,740	462,813	514,086
Depreciation and amortization (1)	211,378	212,440	189,527	359,967	249,082
Central Valley operation & maintenance	644,616	773,453	696,875	707,456	966,519
In lieu of tax transfers (1)	<u>269,009</u>	<u>304,137</u>	<u>276,481</u>	<u>266,484</u>	<u>277,467</u>
Total operating expenses	<u>2,229,405</u>	<u>2,431,000</u>	<u>2,388,750</u>	<u>2,531,170</u>	<u>2,893,177</u>
Operating income (loss)	<u>285,559</u>	<u>627,672</u>	<u>861,291</u>	<u>1,356,310</u>	<u>363,604</u>
Nonoperating revenues (expenses)					
Interest revenue	679	295	20,278	7,434	63,852
Interest expense	(95,000)	(148,236)	(143,605)	(175,459)	(141,411)
Gain (loss) on disposal of equipment	0	1,103	0	0	50,000
Equity loss in joint venture (1)	(386,950)	(417,465)	(484,659)	(399,096)	(646,403)
Contributed assets from developers	<u>87,078</u>	<u>24,092</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net nonoperating revenues (expense)	<u>(394,193)</u>	<u>(540,211)</u>	<u>(607,986)</u>	<u>(567,121)</u>	<u>(673,962)</u>
Income (loss) before operating transfers	(108,634)	87,461	253,305	789,189	(310,358)
Operating transfers	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Charge in net assets	(118,634)	87,461	253,305	789,189	(310,358)
Net assets at beginning of year	<u>7,989,319</u>	<u>7,870,685</u>	<u>7,958,146</u>	<u>8,211,451</u>	<u>9,000,640</u>
Net assets at end of year	<u>7,870,685</u>	<u>7,958,146</u>	<u>8,211,451</u>	<u>9,000,640</u>	<u>8,690,282</u>

(1) Not included as an Operating and Maintenance Expense.